


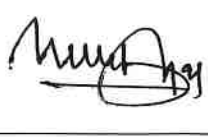

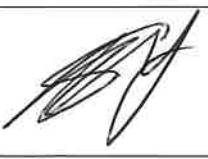



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# ANTI-BRIBERY AND ANTI-CORRUPTION CODE OF CONDUCT

## Document Revision History

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1 <sup>st</sup> June 2021	All	To comply with the requirement of new Section 17A

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# 1. INTRODUCTION

## 1.1 Purpose/Executive Summary

This Anti-Bribery and Anti-Corruption Code of Conduct (“ABAC Code”) establishes Hino Motors Sales (Malaysia) Sdn Bhd (“HMSM”) standards on the prevention of bribery and corruption. However, any local laws or regulations that impose stricter requirements will supersede the requirements stated in this ABAC Code.

This ABAC Code also intends to fulfil the requirements set forth in The Guidelines on Adequate Procedures pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”).

This ABAC code will elaborate on the principles, by providing guidance to employees on how to deal with any improper solicitation, bribery and other corrupt activities and issues that may arise in the course of doing business.

## 1.2 Overview

HMSM Code of Conduct requires HMSM to comply with domestic and foreign laws applicable to our business activities. HMSM are committed to doing business with integrity, fairness and in good faith. All HMSM personnel and business associates are expected to conduct themselves in a manner that not only complies with the laws of the land, but also in an ethical manner that meets society’s expectation.

This ABAC Code sets out the key principles of bribery applicable in Malaysian Laws and the responsibilities of HMSM personnel and business associates in regards to bribery and corruption.

## 1.3 Scope

This ABAC Code applies to :-

(a) All HMSM Personnel

All HMSM Directors (executive and non-executive), its employees (permanent or contract),

(b) HMSM Business Associates and Third Parties

All HMSM business associates, which include dealers, vendors, suppliers, contractors, sub-contractors, consultants, agents, representatives and any other party who perform work and/or services, for and on behalf of HMSM or intend to have any relationship with HMSM in the future.

## 1.4 Policy Statement

In alignment with Malaysian anti-bribery and anti-corruption law and other anti-bribery and anti-corruption laws around the world, HMSM specifically **PROHIBITS AND ADOPTS ZERO TOLERANCE** against all forms of bribery and corruption.

In addition:

**HINO MOTORS SALES (MALAYSIA) SDN BHD (Company No. 198901010561)**

- (a) HMSM are committed to doing business with integrity, fairness and in good faith.
- (b) HMSM will conduct due diligence on all HMSM personnel, business associates and third parties as well as business activities from time to time.
- (c) HMSM will require disclosure of conflict of interest on all HMSM personnel and business associates and third parties where actual, potential or perceived conflict arises.
- (d) HMSM shall set up specific rules and approval procedures in regards to Gifts.
- (e) HMSM shall not make political contributions.
- (f) HMSM encourage reporting of any real, potential or suspected cases of bribery and corruption by using the whistle-blowing system.

### **1.5 Disclaimer**

Content in this policy is not intended to be exhaustive guide. Each and every situation shall be determined differently on case-to-case basis.

## **2 YOU ARE RESPONSIBLE**

### **2.1 Read, Understand and Comply**

All HMSM personnel, business associates and third parties are required to read, understand and comply with this ABAC Code.

### **2.2 Declare**

Whenever required, all HMSM personnel, business associates and third parties are required to declare their acceptance and compliance with regards to this ABAC Code or related policy in regards to anti-bribery and anti-corruption in the form set out in Annexure 1: ABAC Declaration Form.

### **2.3 Channel of All Disclosures**

All Directors, top management members, Head of Divisions, Managers and Heads/ Supervisors are required to communicate and provide guidance in regards to this ABAC Code to their staffs, business associates and third parties. All are also required to share mutual understanding in regards to this ABAC Code.

### **2.4 Training**

HMSM will conduct training from time to time for all HMSM personnel in regards to this ABAC Code. HMSM may also conduct training for business associates or requires business associates to undergo training whenever necessary if business associates expose HMSM a more than minor risk of bribery and corruption.

All HMSM personnel working in any functions that expose you to the risk of bribery and corruption will be required to attend any future training implemented by HMSM on anti-bribery and anti-corruption. Attendance is a mandatory requirement.

### **2.5 Infringement and Penalties**

Violations of this ABAC Code may cause criminal, civil and regulatory penalties including fines and/or imprisonment, as well as damage the reputation of Hino brand and HMSM.

Any HMSM employee that violates this ABAC Code or fail to attend training will be subject to disciplinary actions, including termination of employment. Any business associates and third parties whom fail to comply with this ABAC Code may result in termination of contract and business relationship with HMSM.

### **2.6 Reporting, Consulting and Cooperation with Investigation**

You must immediately report to Malaysian Anti-Corruption Commission and/or the police in regards to real cases of bribery and corruption.

For HMSM personnel, you must then immediately report to Compliance Committee through the internal hotline system in regards to such incident after you have reported to the Authority.

You must also immediately report in regards to potential and/or suspected violations of this ABAC Code.

Internal Hotline System

- Email : [internalhotline@hino.com.my](mailto:internalhotline@hino.com.my)
  
- Telephone :
  - (a) 012 - 5199136 – Managing Director
  - (b) 012 – 519 9087 – Corporate Director
  - (c) 018 – 988 2910 – Head of Legal Section

You may also voice your concerns or report any real, potential and/or suspected violation anonymously if required using whistle-blowing system in accordance with HMSM Whistle-Blowing Policy and Procedures.

Whistle Blowing System

- Telephone: 1-800-80-0011  
Available 24 hours a day, 365 days a year
  
- Website: [hino.ethicspoint.com](http://hino.ethicspoint.com)  
Available 24 hours a day, 365 days a year

You shall consult with Legal Section whenever you have any questions under this ABAC Code or have any doubts or concerns about bribery and corruption, if you are unable to behave and proceed with confidence, or if you or anyone have been or may be involved in any acts of bribery and corruption.

Legal Section

Contact Number : 03-79575199 Ext:-189 / 314

Email : [legalsection@hino.com.my](mailto:legalsection@hino.com.my)

Upon the request of Compliance Committee and/or Legal Section, you are required to provide informations and materials that will allow for the verification of compliance with this ABAC Code. Should you get involved in any any of actual or suspected bribery and corruption, you must fully cooperate with any investigations conducted internally or by the competent authorities. Failure to cooperate and provide honest, truthful information could result in disciplinary action (for HMSM personnel), termination of contract or business relationship (for business associates and third parties) or fines and/or imprisonment.

### **3 ANTI BRIBERY AND ANTI-CORRUPTION**

#### **3.1 What is bribery?**

Bribery is the act of offering, giving, receiving or soliciting of any gratification or reward in the in the form of cash, services or valuable goods for performing a task in relation to his/her job description.

#### **What constitutes gratification?**

- Money, donation, gifts, loan, fee, reward, valuable security, property or interest in property whether movable or immovable, financial benefit, or any other similar advantage;
- Any office, employment, contract of employment or services and any agreement to give employment or services in any capacity;
- Any payment, release, discharge or liquidation of any loan, obligation or other liability whether in whole or part;
- Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- Any forbearance to demand any money or money's worth or valuable thing;
- Any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted including the exercise or the forbearance from the exercise of any right or any official power of duty; and
- Any offer, undertaking or promise, whether conditional or unconditional, of any gratification.

#### **3.2 What is corruption?**

The act of soliciting, giving, accepting or receiving gratification, directly or indirectly, to/from a person in authority either in the form of money, services or valuable goods as an inducement or reward to or not to do an act in relation to the person's principal affairs; as undertaking the act of corruption. In fact, the act of bribery, fraud, abuse of power & money laundering are all acts of corruption.

Transparency International defined corruption as the act of abusing of entrusted power for personal gain and benefit.

#### **3.3 Offenses**

The provision under the MACC Act 2009 stated that the punishment for committing bribery and corruption is imprisonment up to 20 years and/or a fine of not less than 10 times the sum or value of the relevant bribe or RM1,000,000.00 whichever is higher.

## **4 PROHIBITIONS**

### **4.1 Prohibition of giving or accepting gratification**

HMSM strictly prohibits:-

- Any acts of soliciting, receiving or agree to receive any form of gratification as an inducement for performing or not performing a task.
- Any acts to gives, promises or offers any gratification to any person and/or any officer of a public body for performing or not performing a task.
- Any act of abusing of entrusted power for personal gain and benefit(in accordance to Transparency International definition).

### **4.2 Prohibition of bribing an officer of public body and foreign public officials**

HMSM shall not offer any gratification as an inducement to any officer of a public body or any foreign public officials for the purpose of obtaining advantage in the conduct of business for company or to influence an officer of a public body or the foreign public officials, in his or her official capacity.

#### **Who is officer of a public body?**

Officer of a public body is:-

- Any person who is a member, an officer, an employee or a servant of a public body
- A member of the administration, a member of parliament, a member of a State Legislative Assembly.
- A judge of the High Court, Court of Appeal or Federal Court.
- Any person receiving any remuneration from public funds.
- Any person who is an officer or employee in a corporation where public body has controlling power or controlling interest.

#### **Who are foreign public officials?**

- A person who hold a legislative, executive, administrative or judicial office of a foreign country.
- A person who exercises a public function for a foreign country.
- A person who is authorized by a public international organization to act on behalf of that organization.



## **5 HMSM POLICIES**

### **5.1 Dealing with Business Associates and Third Parties**

HMSM committed to engage in transparent, fair business deals that lead to continued mutual prosperity for HINO and our business associates. HMSM business associates include vendors, contractors, sub-contractors, research & development partners, dealers, agents, solicitors, consultants, and any party who perform any work for and behalf of HMSM.

HMSM dealings with business associates must be carried out in compliance with this ABAC Code and all relevant laws to ensure no occurrence of bribery and corruption. In any event that any business associates and third parties are found to have pay bribes or act in corrupt practices, HMSM has all the right to terminate the contract and business relationship.

HMSM will not deal with any third party known or reasonably suspected of corrupt practices or known or reasonably suspected to pay bribes. In the view of the above, HMSM business associates and third parties are encouraged to adopt similar or higher principles and standards of integrity.

### **5.2 Gifts & Hospitality**

HMSM personnel are generally prohibited from directly or indirectly, asking, give and receive gifts subject to certain exceptions as set out in Annexure 2: Gifts and Hospitality Procedures and Guidelines. Gifts and hospitality are acceptable if they are reasonable, proportionate and made in good faith and in compliance with HMSM policies and shall not influence any decision making or judgement in any circumstances.

### **5.3 Kickback payment**

HMSM strictly prohibits any practise of kickback payment as it is a corrupt practice. A kickback payment is a return of a sum already paid or due as a reward for awarding of further business. Example, when a previously contracted agent pays part of the excessive service fee back to the employee's account. Usually, these repayments are kept secret. This kind of payment shall be avoided at all time.

### **5.4 Facilitation Payments**

HMSM strictly prohibits any offering, receiving and giving of facilitation payments. Facilitation payments are payments made with the purpose of expediting or facilitating the performance by a public official of a routine governmental action or made to a person who has the control over a process or decision on any subject matter to speed up the process. Example: clearing customs, passing an inspection, immigration admission, issuance of or application for extension of a visa or any important business related decision.

Facilitation payments are regarded as gratification under the MACC Act 2009.

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Therefore, the following shall be strictly observed:

- i. HMSM personnel must not offer and must refuse to pay any request for facilitation payment. Receive of facilitation payment is also prohibited.
- ii. HMSM personnel must request for official receipts for any payment made for a service. Business associates shall not request or pay any facilitation payment to HMSM personnel.

## **5.5 Travel and Entertainment**

From time to time, guests are invited to visit HMSM's facilities or events sponsored by HMSM. HMSM permits the payment of certain travel and accommodation expenses for business guests in accordance with applicable laws and regulations as well as HMSM policies if :

- It is for legitimate business purposes.
- It is reasonable given the guest's level or seniority.
- Attendance at business activities is mandatory.
- No friends or family members of the invitee are travelling at HMSM's expense.
- No unreasonable side trips are planned.
- No per diem cash is provided.

Approval from HMSM management shall be obtained prior to such expenses and the relevant documents should be maintained and kept by each Division respectively.

## **5.6 Donations and Sponsorships**

Donations and sponsorships are permitted in so far as it does not trigger any conflict of interest and is purely done for legitimate reasons permitted under any laws and regulations. Particular care must be taken to ensure that any donations and sponsorships made to any party (if any) including donations to political parties (if any) are not construed as an inducement or a reward for doing or forbearing to do any act.

Approval from HMSM management shall be obtained prior to such donations and sponsorships and the relevant documents should be maintained and kept by each Division respectively.

## **5.7 Discount, Rebates and Promotional Fees**

The provision of discounts, rebates and promotional fees requires the approval of the authorized personnels in accordance with the HMSM approval policies.

In particular, however, the act of providing money to an individual rather than to the business partner (e.g., depositing an amount equal to the discount amount into a personal bank account that belongs to an officer of the business partner) is not permitted. Such act is prohibited due to the risk that it will constitute a provision of benefits for an improper purpose rather than a normal Discount, etc. offered to the business partner.

The person in charge of providing discounts, rebates and promotional fees must follow the procedures to issue such discounts, rebates and promotional fees and submit an application to the authorized personnels for approval. Moreover, a record of approval by the authorized

personnels (written approval) shall be retain and kept by each Division respectively.

### **5.8 Recruitment and Promotion**

HMSM is committed in open and fair conduct in regards to recruitment, training, performance evaluation, remuneration, recognition and promotion for all HMSM personnel.

All recruitment and promotion shall be done in accordance to HMSM policies and procedures.

### **5.9 Financial and Non-Financial Controls (Separation of Duties & Approving Power)**

HMSM adopts a clear separation of duties for all jobs functions either it is financial or non-financially related.

For jobs related to non-financial activities, there must be at least two-layers of checking and approval. As for job related to financial activities, HMSM had since adopted at least three-layers of checking which comprise of requestor, verifier and approval.

Further, for financial activities (such as disbursement and payment activities), HMSM strictly adopts multiple or pairing signatories to further mitigate any corruption risk.

## **6 DUE DILIGENCE**

HMSM will conduct due diligence on all HMSM personnel, business associates, third party service providers and suppliers and whenever necessary major business activities and projects in accordance with HMSM Due Diligence Policy as set out in Annexure 3 : Due Diligence Policy

All business associates and third parties must sign a declaration as set out in Annexure 3(a) : Declaration of Interest and Integrity by Vendor and Supplier Form which states that :

- They understand and will comply with all applicable laws and regulations to code of conduct, spirit of fairness, justice, integrity and good faith cooperation in order to resist commercial bribery and unfair competition, against commercial fraud, trust, honestly on the basis of frankness and integrity.
- They will understand during the business engagement, they shall not do any act or commit any omission which may arise to a conflict of interest and integrity in the discharge of business engagement entered into with HMSM.
- They acknowledge that the provision set out in the declaration form shall form part of the terms and conditions of their appointment and/or contract of service.

## **7 CONFLICT OF INTEREST DISCLOSURE**

HMSM personnel are required to take a good-faith approach to work as stated in Code of Conduct. In the view of the above, HMSM requires all HMSM employees to disclose any conflict of interest that may or may not arise from time to time as set out in Annexure 4: Conflict of Interest Disclosure Procedures and Guidelines using the form as set out in Annexure 4(a) : Conflict of Interest Disclosure Form.

## **8 ADMINISTRATION OF ANTI-BRIBERY AND ANTI-CORRUPTION COMPLIANCE SYSTEM AND THIS ABAC CODE**

HMSM has establish the Compliance Committee to design, advise, manage, monitor, maintain, implement and review the Anti-Bribery and Anti-Corruption compliance system in HMSM as a whole and also administration of this ABAC Code. Compliance Committee with be the responsible organization to report the compliance of this ABAC Code to the Board of Directors of HMSM and Shareholders (whenever required).

HMSM reserves the right to amend this ABAC Code from time to time in whole or in part, at any time without assigning any reason whatsoever.

## **9 RISK ASSESMENT AND AUDIT**

Risk Assessment and Audit is a process that helps to identify structural weaknesses that may facilitate corruption in identifying risk factors and treatments, and embeds corruption prevention within a HMSM corporate governance and serves as an important pillar in corruption prevention initiative.

HMSM shall conduct regular risk assessments to identify and minimize the risk of bribery and corruption in all HMSM business activities and set rules accordingly from time to time to prevent bribery and corruption. The Risk Assessment and Audit process flow is as set out in Annexure 5 : Risk Assessment and Audit Process Flow.

HMSM shall also conduct audit from time to time to evaluate and assess the effectiveness of this ABAC Code and related HMSM policies, procedures and guidelines. This audit may be conducted internally by HMSM or by an external party.

All reports in regards to risk assessment and audit activities shall be submitted to Compliance Committee and copy to HMSM management for improvement in the Anti-Bribery and Anti-Corruption compliance system in HMSM.

**ANNEXURE 1**

**ANTI-BRIBERY AND ANTI-CORRUPTION  
DECLARATION FORM**

I, \_\_\_\_\_ (NRIC No. / Passport No. \_\_\_\_\_ )  
, hereby confirm that I have read and understand the ABAC Code of Conduct and agree to observe and adhere to all the requirements and provisions in the ABAC Code all the time.

\*Please tick the relevant box

I shall conduct myself with complete professionalism, integrity and uphold the spirit of the ABAC Code in my daily job assignment as HMSM Personnel.

Or

I, on behalf of \_\_\_\_\_ shall conduct myself with complete professionalism, integrity and uphold the spirit of the ABAC Code as a HMSM Business Associates.

I hereby acknowledge that any failure to adhere to the ABAC Code shall lead to any appropriate action to be taken against me or my Company by HMSM.

\_\_\_\_\_  
Job Title :

Date :

## **ANNEXURE 2**

### **GIFTS AND HOSPITALITY PROCEDURES AND GUIDELINES**

#### **1. GENERAL RULES**

Gifts & Hospitality should not be accepted where they may appear to be disproportionately generous or could reasonably be construed as an inducement to affect a business decision or cloud a judgement to any subject matter. Receiving and giving of gifts and hospitality without proper consideration and procedures can be perceived or construed negatively as bribery and corruption which might impact on the reputation of the individual and HMSM.

#### **2. GIFTS**

Gifts include (but are not limited to):

- (a) Tickets to sports, music or cultural events where HMSM personnel and representatives of any Third Party providing the tickets do not attend the event together.
- (b) Merchandise (for example, gift baskets, wine, clothing, mugs, pens, collectibles and hospitality bags).
- (c) Favourable terms or discounts on a product or service for the HMSM personnel's benefit that are not otherwise available to all other HMSM personnel.
- (d) Travel or lodging not associated with a business conference, meeting or event.
- (e) Form of cash or cash equivalent (e.g. Loans, commissions, coupons)

##### **2.1 Procedures of Giving Gifts**

- (a) HMSM only allow gift-giving of corporate gifts subject to fulfilling the conditions as following :
  - It is the normal business practise of HMSM that is in compliance with law and with legitimate reason (e.g. Launching, marketing or promotional events / campaign, door gifts for annual dinner, functions or open house, CSR programs etc ) ;
  - It is in accordance with this ABAC Code;
  - The gifts are corporate gifts that is worth less than RM200 per item (e.g. hampers, HMSM merchandise with HINO logo such as pen, pen drive, power bank, t shirt, diaries, calendars etc); and
  - The manner of giving the gifts shall be made in open and transparent manner.

- (b) If any of the gift-giving exceed the amount specified herein or it's a kind of special gifts; special approval from HMSM management is require using **Entertainment Form** for such occasion provided that (a) and (b) are fulfilled.

## 2.2 Procedures of Receiving Gifts

- (a) HMSM only allow receive of gifts subject to fulfilling the conditions as following:
- HMSM personnel does not solicit or request gifts from third parties;
  - The gift is given as customary and lawful under the circumstances (e.g. official events, conferences, functions, open house, CSR programs, during \*festive seasons etc);  
*\*For avoidance of doubts, festive seasons shall be defined as festive celebration that is celebrated in that locality by a particular race and/or ethnic in Malaysia.*
  - It is in accordance with this ABAC Code; and
  - The manner of giving the gifts shall be made in open and transparent manner.
- (b) If any of HMSM personnel is offered or has receive a gift from any third party not in accordance to the above, you shall:
- Refuse the gift if its suspicious in its nature;
  - If unable to refuse or you decide to receive the gift, to **record the gift in the Gifts and Hospitality Declaration Form as set out in Annexure 2 (a)**.
  - Submit the Gift and Hospitality Declaration Form to your Head of Division to justify such gift and to decide how to treat the gift:
    - i. Let the HMSM personnel keep the gift
    - ii. Share the gift among the section / division
    - iii. Return the gift

*\*If decide to return the gift, kindly return in a polite way informing HMSM policy.*
  - The Gifts and Hospitality Declaration Form shall then be submitted to Legal Section for Gifts Register purpose and risk evaluation as well as remedial action (if any).

## 3. HOSPITALITY (MEALS & ENTERTAINMENT)

Hospitality includes (but is not limited to):

- (a) Meals.



- (b) Tickets to sports, music or cultural events
- (c) Travel or lodging associated with a business conference, meeting or event.
- (d) Accommodation, entertainment and recreation activities

### 3.1 Procedures of Offering Hospitality

- (a) HMSM personnel may offer meals to business associates subject to the following:
  - is the normal course of business practise and with legitimate reason;
  - It is in accordance with this ABAC Code;
  - No other unrelated party accepting the same;
  - **Apply for expenses using form specify by Human Resource Management Section** and obtain approval as specified in HMSM policy;
  - The approved Entertainment Form shall be retained by Human Resource for record keeping purpose.

### 3.2 Procedures of Accepting Hospitality

- (a) HMSM allow HMSM personnel to accept hospitality from business associates and third party subject to fulfilling the conditions as following :
  - It is the normal course of business practise and with legitimate reason;
  - It is in accordance with this ABAC Code;
  - No other unrelated person accepts the same;
  - Limits to the following cost for meals;

<b>Position</b>	<b>Meal (per event)</b>	<b>Approval</b>
Union @ Below Junior Executive	More than RM50 per person	Head of Division
Junior Executive – Assistant Manager	More than RM150 per person	Head of Division
Manager – General Manager	More than RM250 per person	Chief Operating Officer / Director in Charge
Advisors / Coordinators Chief Operating Officer / Directors	More than RM500 per person	Director in Charge / MCM

*\*Prior to accept meals, please consult if you are uncertain.*

- **Kindly record the hospitality in the Gifts and Hospitality Declaration Form as set out in Annexure 2 (a) and obtain approval when:**
  - i. You have been offered for travel, accommodation and entertainment (any amount)

ii. You have been offered for meals that cost more than amount specified herein.

- The Gifts and Hospitality Declaration Form shall then be submitted to Legal Section for Hospitality Register purpose and risk evaluation as well as remedial action (if any).

(b) You shall not :

- Give and receive hospitality from the same party frequently
- The hospitality shall not be solicited
- Create the appearance or implied obligation that the party who offer is entitle to preferential treatment
- Generally, Government official practise NO GIFTS POLICY, therefore any gifts and hospitality offered to or by any Government Official shall strictly comply with the relevant laws or policies applicable to the Government Official, and be prior approved by HMSM.

(c) When dealing with business associates and partners from foreign countries, Head Division(s) or higher-level management members may exercise their best judgment and discretion in accordance with the commonly accepted foreign customs and practice.

#### **4. EXCEPTION**

Any other exception to this Gifts & Hospitality Guideline may be made with the permission from the HMSM Management Committee members.

**ANNEXURE 2 (a)**

**GIFTS AND HOSPITALITY DECLARATION FORM**



**HINO MOTORS SALES (MALAYSIA) SDN BHD**  
**Gifts & Hospitality Declaration Form**

**Declaration made by recipient of a reportable gift offer**

**1. Date offered:**

Offered to: [insert name and position title]

**2. Offered by:**

Name and title of person making offer

Type of organisation: (e.g. supplier, prospective tenderer, industry stakeholder with commercial interest, not-for-profit stakeholder, etc.

Reason gift was offered:

**3. Description of gift:**

**4. Estimated value of gift: RM**

**First time offer**  OR **previous offer(s)** received from this source (individual or organisation) in the last 12 months

Do you believe that the gift may be of cultural, historic or other significance? Yes  No

The gift offer was: **declined**  OR **accepted on behalf of the Company**

**5. Prohibited? Accepted or declined?**

The gift offer was: declined  OR **accepted on behalf of the Company**

**6. Signature of member or employee:**

I confirm that the information I have provided is true and correct.

Name:

Title:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Noted by 'responsible person' (Director / Operating Officer):**

**Noted**  I have noted the contents of the above declaration.

Name:

Title:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Compliance Committee (Guidelines)**

**A. Gifts register:** Confirmation that the register has been updated.

**B. Remedial action:** Any remedial action to be taken (e.g. letter to frequent offer or about policy requirements).

**C. Accepted gifts:** If the gift was accepted:

- (i) How the Company will use or dispose of the gift in accordance with the policy and supporting procedures.
- (ii) If the gift is being is to give away or donated , details of the organisation receiving the donation; and signature (dated) of the person(s) authorising these decisions, including their name and title/position no.

**D. Assets register:** Confirmation that, if applicable, the assets register has been updated.

<b>Gifts Register updated:</b>
Updated <input type="checkbox"/>
Name:
Date:

<b>Remedial action:</b>
Remedial action undertaken (list details):

<b>Accepted Gifts:</b>
i) List how the Company will use or dispose of the gift in accordance with the policy.
ii) If the gift is being donated, details of the organisation receiving the donation; and signature (dated) of the person(s) authorising these decisions, including their name and title/position.

<b>Assets Register updated (if applicable):</b>
Not applicable <input type="checkbox"/> OR Updated <input type="checkbox"/>
Signature:
Name: <span style="float: right;">Date:</span>

**ANNEXURE 3**  
**DUE DILIGENCE POLICY**



<b>Policy &amp; Procedures</b>	<b>Doc Number :</b> PP-DD-09/2020
	<b>Version No: 01</b>
	<b>Effective Date :</b> 1 <sup>st</sup> June 2020

## DUE DILIGENCE POLICY

### Document Revision History

Date of Revision	Page (s) Revised	Reason for Revised

Prepared by:	Reviewed by:	Approved by:		
Legal Section	Head of Division	Director / COO	Corporate Director	Managing Director
Gerrylynd Allen Vianos	Chan Meng Chuan	Ahmad Yasmin	Shimpei Yamashita	Atsushi Uchiyama

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## 1. INTRODUCTION

- 1.1 This policy sets out the minimum required due diligence procedures for doing business with **Third Party Service Providers and Suppliers (TPSP&S)**, as defined in Section 3, below. Unless otherwise defined, the term ‘Due Diligence’ in this document means due diligence for doing business with TPSP&S.
- 1.2 This policy is aimed at ensuring that the engagement procedures for TPSP&S incorporate appropriate risk-based procedures to prevent bribery, fraud and corruption in doing business with TPSP&S. The policy therefore sets out supplementary expectations that should be added to and integrated with the existing procurement or other TPSP&S engagement processes which already include internal financial controls and quality management.

## 2. REGULATORY AND VOLUNTARY STANDARDS

### 2.1. Regulatory Standards

- (a) These additional due diligence procedures are aimed at combating corruption in the value chain and are a key requirement of pursuant to sub-section (5) of section 17A of Malaysia Anti-Corruption Commission Act 2009 (“MACC Act 2009”) as stated in the Malaysia Anti- Corruption Commission (Amendment) Act 2018 (“Amendment Act 2018”), which may be applicable to Hino Motors Sales (Malaysia) Sdn Bhd (HMSM) and/or business associates/partners. These procedures also support the objectives of the Malaysia government and Malaysia Anti-Corruption Commission (MACC) objective on the Prevention and Combating of Corrupt Activities Act.
- (b) One of the principles lay out by MACC under Anti –Bribery Management System is that “due diligence is firmly established as an element of corporate good governance and it is envisaged that due diligence related to bribery prevention will often form part of a wider due diligence framework”. It also confirms that the due diligence procedures should be “proportionate to the identified risk.”

### 2.2 Voluntary Standards

HMSM compliance programme sets out Anti-Bribery as part of the company important compliance Ethics Framework and one of the required standards that need to be establish is Due Diligence. Due Diligence reviews are directed at assessing the risk area and making recommendations to manage, mitigate or avoid the risk.

## 3. DEFINITIONS APPLIED IN THIS POLICY

### 3.1 Due Diligence

- (a) A Due Diligence review is a structured and systematic process of understanding with whom the company is doing business. It means applying one’s mind with due care and skill and applying one’s business knowledge and experience to assessing TPSP&S.

- (b) The Due Diligence process is essentially a risk-based approach so that TPSP&S rated as higher risk will require a more rigorous process than areas rated as lower risk. In some cases, the business may motivate limited or no action for low risk areas.

### **3.2 Third Party Service Providers and Suppliers**

Third party service providers and suppliers (TPSP&S) means all third parties that fall under the definition of “associated person” in Section 17A (1) MACC Act 2009 and in addition, any other suppliers of products and services to HMSM, that may be included at the discretion of the relevant business unit taking into account the related risk assessment of the TPSP&S.

### **3.3 Associated Person**

MACC Act 2009 defines an “associated person” as a “person who performs services for or on behalf of the organisation”; the full definition set out in the MACC Act 2009 must be applied for the purposes of this Policy.

## **4. SCOPE AND PURPOSE**

### **4.1 Scope**

- (a) This policy applies to Hino Motors Sales (Malaysia) Sdn Bhd and also its business associates/partners companies.
- (b) It applies to TPSP&S as defined above except the following which may be subject to separate HMSM policies:
  - i. employees;
  - ii. customers; and
  - iii. any other form of corporate investment activities, provided that, where any such relevant person or organisation is also engaged with HMSM in the capacity as a TPSP&S they shall, for that purpose, separately be subject to the requirements of this Policy.

### **4.2 Purpose**

The purpose of the policy is to identify certain objectives and requirements in relation to identification and assessment of risks and implementation of appropriate activities to manage bribery and corruption in connection with TPSP&S in order to meet applicable legal standards and the voluntary standards of excellence of HMSM. The Policy is designed to ensure HMSM does business only with ethically acceptable third parties.

## **5. ROLES AND RESPONSIBILITIES**

- (a) Executive management (Director and/or Chief Operating Officer) of each division will have the responsibility for complying with this policy and the discretion to define the process, procedures and other mechanisms by which the policy is implemented within the division.
- (b) It is the responsibility of business unit operational management to ensure that all relationships and contracts with TPSP&S are subject to the appropriate risk related due diligence process and other relevant activities completed in accordance with this policy.

## **6. DUE DILIGENCE GENERAL REQUIREMENTS**

### **6.1 A Risk Based Approach to Due Diligence**

- (a) The Policy requires that a risk-based approach to due diligence be applied and, at the division's discretion, integrated with existing procurement or other TPSP&S engagement processes. The risk assessment process and action plan should be specific to each division and or business unit according to the nature of their business operation.
- (b) The Due Diligence process is on-going and should include a risk rating for existing and new TPSP&S. At the division's discretion, an initial risk assessment may be exercised which applies certain reasonable risk-based criteria, as defined by the division in consultation with Legal Section. This will categorise the TPSP&S pool for the purposes of prioritising subsequent, more detailed due diligence and other actions over time.
- (c) There should be specified criteria for conducting the risk rating so that there is a consistent approach within the relevant business unit(s) and/or territories. The criteria to be considered by the division and the companies itself may include, inter alia:
  - The average monthly or annual spend with the TPSP&S expressed as a percentage of external procurement spend as a measure of the severity and/or probability of bribery or corruption occurring.
  - The nature of the business relationship such as agent, intermediary, service provider, contractor, sub-contractor and whether there is an inherent risk or probability of bribery or corruption. Consideration should be given to the manner of compensation such as commission based, fee for service, hours worked or agreed contractual charge.
  - Known vulnerability of the industry sector or product to fraud and corruption.
  - The type of business such as listed company or owner managed business.
- (d) According to the applicable risk rating determined for the relevant TPSP&S, further due diligence and other related activities should be defined and deployed by the divisions for TPSP&S within a particular risk category. The division must define a proportionate process and deployment plan for each risk category comprising, inter alia, the following steps:

- Information gathering to obtain pertinent information on each TPSP&S
  - Assessment, analysis and validation process
  - Approval process
  - Reporting and assurance
- (e) On-going reviews will be required periodically (once a year) depending on the risk rating of each TPSP&S as defined by the division in accordance with this Policy.
- (d) For any new business relationships, a risk related Due Diligence should be conducted before any contracts are approved and before any business transactions may be commenced. However, there may be valid business reasons where, at the discretion of Management Committee Members (MCM) and/or Board of Directors and in consultation with Legal Section, an exception may be approved by MCM and/or Board of Directors.

## **6.2 Information Gathering**

- (a) Subject to the risk assessment, information gathering may require a variety of procedures including interviews, questionnaires, documentation, review of publicly available information, site visits, credit checks and declarations.
- (b) While some of this information may already be required in the procurement or other TPSP&S engagement process to meet financial control requirements, these procedures should be supplemented as necessary with additional Due Diligence processes pertaining to the risk of bribery, fraud and corruption.

## **6.3 Assessment, Analysis and Validation Process**

- (a) Collecting the information itself does not constitute a due diligence review. The review requires that the data is assessed and analysed.
- (b) Documents should be carefully scrutinised to confirm and check the information provided.
- (c) The procedures for assessing and validation will vary according to the risk rating, from a limited validation that checks consistency to detailed corroboration which may include site visits, interviews or checks with regulatory authorities as appropriate.

## **6.4 Approval Process**

- (a) A process of approval must be devised that is practical and that does not create undue delays in the procurement or other TPSP&S engagement process.
- (b) The approval process should be appropriate to the risk rating. It is suggested that standard formats are agreed whereby the relevant information and motivations are summarised.

## **6.5 Reporting and Assurance**

- (a) A reporting process should be defined according to the risk ratings and the required approval process.
- (b) It is the responsibility of operational management, in the first instance, to ensure that procedures are being properly applied. Operational or business unit management and/or the divisional compliance function may establish periodic reviews or supervisory controls to confirm that the required procedures are being complied with. The nature and extent of controls will be determined by the division to suit the needs of each business.
- (c) If a high risk TPSP&S is involved in public allegations of any form of bribery or corruption, this information must be immediately drawn to the attention of the MCM. The MCM will inform and report to the Board of Directors if deemed necessary.
- (d) The internal auditors and/or MCM and /or Legal Section may from time to time review the due diligence process and/or the documentation and control of high risk TPSP&S in accordance with this Policy.

## **7. RESPONSIBILITY AND REVIEW**

Responsibility for this Policy is rest with Legal Section. Regular audit and review of the Policy shall be conducted annually to ensure compliance toward this Policy.

**ANNEXURE 3(a)**

**DECLARATION OF INTEREST AND INTEGRITY BY VENDOR AND  
SUPPLIER FORM**



**HINO MOTORS SALES (MALAYSIA) SDN BHD  
DECLARATION OF INTEREST & INTEGRITY  
BY VENDOR /SUPPLIER**

1. This declaration of interest & integrity is made to the Hino Motors Sales (Malaysia) Sdn Bhd (HMSM) pursuant to **[Type of Contracts/ Services Being Procured]**.

2. I/We < **Individual name / Company name.**>, <**NRIC/Company No.**> declare and confirm the following:

Our Shareholders/directors/personnel holding key management function and their close family member do not have any relationship with any employees of HMSM or member of the Board of Director

The following shareholders/director/personnel holding key management function has a relationship with employee of HMSM by virtue of their close family member position or member of the Board of Director. Details as per Appendix 1 below: -

**Appendix 1**

No.	Name / NRIC	Relationship with Supplier	Relationship with HMSM

1. I/We, including our shareholders/directors/personnel holding key management functions and member of organization will uphold the legitimate right and interest as supplier/vendor and also HMSM in business, fully embody the spirit of fairness, justice, integrity and good faith cooperation to HMSM in order to resist commercial bribery and unfair competition, against commercial fraud, in trust, honestly, on the basis of frankness and integrity.
2. For the duration of the business engagement that I/we enter with the HMSM, I/we shall not do any act or commit any omission which may give rise to a conflict of interest and integrity in the discharge of my/our work in relation to the engagement entered into with the HMSM.
3. I/We agree to be bound and consciously abide by the relevant provisions of the relevant law and regulation on fair trade, integrity and self-discipline and against corruption. Regular and honest integrity education for business personnel to establish good professional conduct and behaviour.
4. I/We further affirm and declare as per below: -
  - a) For avoidance of doubt, there is no additional remuneration or fee of any kind payable by HMSM to << **Vendor Name**>> either than payment for service, and HMSM is solely responsible for any business decisions it makes regarding to this business engagement

- b) The vendor/supplier will not , either directly or indirectly, promise, offer or give any bribe or an improper advantage (**whether financial or otherwise**) to any person in HMSM or any person representing HMSM as an inducement, incentive, rewards, gift or bonus to be selected or any other purpose connected to the business transaction.
- c) In the event that a situation of an actual or potential conflict of interest & integrity arises after the date of this declaration, , I/we agree that the HMSM may take any action as it deems fit with regard to the <<Vendor Name>>'s existing or potential dealings, arrangements or agreements with the HMSM.
- d) HMSM reserves the right to forthwith the vendor/ supplier supply qualification and unilaterally terminate the procurement business contract with this supplier without any liability for breach of contract and include this supplier/vendor in HMSM purchasing Blacklist and shall reserve the right to pursue the liability of the parties through legal channels at the same time this termination does not affect HMSM right to claim damages to vendor/supplier in accordance to the law of the land.

I/We acknowledge that the obligations in this declaration shall commence from the procurement exercise and survive throughout the engagement, including the termination and expiration of the engagement.

Acknowledgment of acceptance to the Declaration of Interest by: << Vendor Name>>

\_\_\_\_\_  
Signature:

Name of Company's representative:

Designation:

Date:

\_\_\_\_\_  
Witness signature:

Name of Witness:

NRIC:

Date:



## ANNEXURE 4

### **CONFLICT OF INTEREST DISCLOSURE PROCUDRES AND GUIDELINE**

#### 1. GENERAL RULES

HMSM personnel shall not have any interest that may be direct or indirect conflict or disadvantage with the business of HMSM. HMSM personnel shall declare conflict of interest whenever there is an actual, potential or perceived conflict arises. HMSM may also request HMSM personnel to make declarations on scheduled basis.

#### 2. DEFINITION

Conflict of interest may arise in situations whereby:

- (a) Where you have a personal interest over a subject matter that might interfere with your job duties and/or judgement and/or decision on behalf of HMSM.
- (b) You are or may be in a position that enable you to use your position to acquire confidential information that will then be use for personal gain or for your member of family;

*\*Member of family here means your immediate family (grandparents, parent, siblings, spouse, children, grandchildren) and relatives (spouse 's immediate family, uncle, aunt, cousin, in-laws' family)*

#### 3. PROCEDURES FOR DISCLOSURE

- (a) Make declaration using the **Conflict of Interest Disclosure Form** as set out in Annexure 3 (a) **as of when** if the following occurs:
  - You or any members of your family have a direct or indirect interest in any business that is in competition with HMSM business or any business that have business relationship with HMSM;
  - You or any of your family member possess board membership or is a shareholder, partner, officer, agent or consultant to any business that is in competition with HMSM business or any business that have business relationship with HMSM; and/or
  - You have any outside employment or business that may or may not have conflict with your employment with HMSM.
- (b) Propose your countermeasure if you have any conflict of interest that is directly or indirectly affect you job in HMSM or HMSM business.

**ANNEXURE 3 (a)**

**CONFLICT OF INTEREST DISCLOSURE FORM**



**HINO MOTORS SALES (MALAYSIA)  
SDN BHD**

**CONFLICT OF INTEREST DISCLOSURE FORM**

**Part 1 : Conflict of Interest**

1. Do you or any members of your family have a direct or indirect interest in any business that is in competition with HMSM business or any business that have business relationship with HMSM?

Yes

No

If yes, please provide details :

---

---

2. Do you or any of your family member possess board membership or is a shareholder, partner, officer, agent or consultant to any business that is in competition with HMSM business or any business that have business relationship with HMSM?

Yes

No

If yes, please provide details :

---

---

**Part 2 : Outside Employment or Business**

1. Do you have any outside employment or business that may or may not have conflict with your employment with HMSM?

Yes

No

If yes, please provide details :

---

---

**Part 3 : Proposed Action to Manage the Conflict**

---

---

*\* Please attached separate sheet whenever necessary*

**DECLARATION**

**I hereby certify that all the declarations that I have made are to the best of my knowledge and accurate. If any of the declarations I have made are false and misleading , HMSM reserves the absolute right to take any action that deems fit including termination of my employment.**

**Name :**

**Division / Section :**

**Designation :**

**Date:**

**Signature**

**FOR INTERNAL USE ONLY**

**\*Only when there is YES on any part of the declaration**

**For Legal Section Comment**

**Check by**

**Name:**

**Date:**

**Verify by**

**Remark /Comment :**

**Head of HRA Division**

**Name:**

**Date:**

**Approval by**

**Remark /Comment :**

**Corporate Director**

**Name:**

**Date:**

Note :

1. This form shall be completed by any employee of HMSM and submit to Human Resource Management Section.
2. Whenever there is any change or update to the declaration made herein, it is the responsibility of the employee of HMSM to submit a new declaration form to Human Resource Management Section.
3. If the Conflict of Interest arises, Human Resource Management Section shall submit this form to Legal Section for further review.

## ANNEXURE 5

### RISK ASSESSMENT AND AUDIT PROCESS FLOW



#### 1. Risk Identification

Identifying all potential risk related to corruption, bribery, donations, sponsorships etc. in each and every process, activity and system. Heres two (2) basic or typical question could be used to assist in identifying the risk for example “ what can happen” and “how can it happen”,

#### 2. Risk Assessment

To estimate the magnitude of each of corruption risk which had been identified “the impact towards company , management and the staff”.

### **3. Risk Control**

To list down all existing control in place. If HMSM find that the existing controls are insufficient to mitigate the corruption risk then HMSM could adhere to the following step:

- i. Enhancing existing controls through better supervision, improved system, policies and Standard Operating Procedure (SOP);
- ii. Implementing new controls which are practical and doable; and
- iii. Introducing new methods of detecting corrupt behaviour that could result from a particular risk.

\*All steps mentioned above shall be treated as actions plans which all HMSM personnel pledge to comply.

### **4. Risk Monitoring & Audit**

The monitoring of corruption risk, controls and actions plan by relevant personnel “Compliance Committee and Internal Audit team” upon complete all risk monitoring information based on current establishment corporate governance and also control need to undergo audit process to determine if such establishment or countermeasure is suitable for HMSM.

The audit shall be based on the risk monitoring result and audit finding shall determine whether the existing corporate governance is suitable to use or need to be review and/or implement new additional policy/guideline as well as SOP.

### **5. Reporting Risk Assessment & Audit Result**

The reporting for this risk assessment and audit result shall be immediately upon fourteen (14) working days from the completion of risk monitoring and audit completion.

After complete on reporting, Compliance Committee shall continue to establish the countermeasure for any discrepancies on HMSM’s corporate governance within thirty (30) working days .