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PART A – OVERVIEW

1. Purpose

- 1.1. PBA Holdings Bhd Group of Companies (“PBAHB”) owe a statutory duty to the public to always act in the public interest and to maintain efficient and effective production and supply of water.
- 1.2. PBAHB is committed to conduct its business dealings professionally, fairly and with Integrity. This means avoiding practices of bribery and corruption of all forms in the PBAHB’s daily operations. To this end, PBAHB has adopted a **zero tolerance approach** towards all forms of Bribery and Corruption while carrying out its daily operations and takes a strong stance against such acts.
- 1.3. The Integrity Policy (“this Policy”) establishes the minimum standards that shall be applied group-wide in relation to corruption risks.
- 1.4. This Policy is not intended to be a substitute for personal discretion. To meet the objectives of this Policy, Directors and Employees are expected to exercise proper judgement and conscience, and behave in a manner consistent with the key principles set out below at all times:
 - (a) giving or receiving bribes or participating in any form of Bribery and Corruption is strictly prohibited;
 - (b) activities undertaken by PBAHB, its Directors, Employees and Associated Persons shall not be for the purpose of:
 - (i) bribing, inducing, obtaining or retaining business for PBAHB;
 - (ii) gaining an unfair advantage for PBAHB;
 - (iii) influencing a government or regulatory decision for PBAHB; or
 - (iv) seeking illegal personal gain.
 - (c) actual or potential Conflicts of Interest which could result in bribery and corruption to PBAHB is strictly prohibited; and
 - (d) Directors and Employees who refuse to pay or receive bribes or participate in acts of Corruption will not be penalised even if such refusal may result in PBAHB losing its business or not meeting business targets.
- 1.5. This Policy is supported by PBAHB’s Integrity Procedure (“Procedure”) which further elaborates on the key principles of this Policy and includes detailed procedures to operationalise this Policy.

2. Scope

- 2.1. This Policy applies to PBAHB, its Directors and Employees.
- 2.2. Associated Persons are also required to comply with the relevant sections of this Policy.

3. Objective

3.1. The objectives of this Policy are to:

- (a) set out the minimum standards of conduct in respect to Integrity for Directors and Employees and complement the core principles of the PBAHB Code of Ethics;
- (b) inculcate a culture of ethics and Integrity within PBAHB;
- (c) provide high level guiding principles on how to address corruption risks and issues which may arise through PBAHB's internal and external business dealings; and
- (d) ensure that Directors and Employees:
 - (i) understand their responsibilities to comply with this Policy;
 - (ii) understand the consequences of non-compliance with this Policy; and
 - (iii) comply with the relevant laws and regulations relating to Integrity in Malaysia.

4. Effective date

This Policy shall come to effect on 1 June 2020.

5. Reference Documents

5.1. External documents:

- (a) Malaysian Anti-Corruption Commission Act 2009;
- (b) Malaysian Anti-Corruption Commission (Amendment) Act 2018;
- (c) Guidelines on Adequate Procedures pursuant to subsection (5) of section 17A under the Malaysian Anti-Corruption Commission Act 2009 dated 04 December 2018; and
- (d) Suruhanjaya Perkhidmatan Air Negara Rangka Kerja Integriti dan Anti-Rasuah bagi Pemegang Lesen dan Agensi Perakuan dated September 2019.

5.2. Internal documents:

Guidelines and procedures that support the operationalisation of this Policy are listed at the end of each section.

6. Definitions and Interpretation

6.1. For the purpose of this document, and unless the context otherwise defines:

Associated Person(s) person(s) who perform(s) services for or on behalf of PBAHB. This includes, inter alia, business partners, distributors, panel solicitors, vendors, outsourcing service providers and other intermediaries.

Board	the Board of Directors of PBAHB and its wholly owned subsidiaries.
Bribery	<p>the act of promising, offering, soliciting, giving, accepting or receiving gratification, directly or indirectly, as an inducement or reward to or not to do an act. Gratification includes:</p> <ul style="list-style-type: none">(a) money, donations, gifts, loans, fees, rewards, valuable securities, properties or interests in property being property of any description whether movable or immovable, financial benefits, or any other similar advantages;(b) any office, dignity, employment, contract of employment or services, or agreement to give employment or render services in any capacity;(c) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;(d) any forbearance to demand any money or money's worth or valuable thing; and(e) 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, and including the exercise or the forbearance from the exercise of any right or any official power or duty. <p>Gratification is considered an act of bribery if it has been given or received, directly or indirectly, as an inducement or reward to do or not to do an act.</p>
Conflicts of Interest	any circumstance that could cast doubt on a Director or an Employee's ability to act with total objectivity with regard to PBAHB's interests and statutory duties.
Corruption	an abuse of entrusted power for the advantage of PBAHB or for personal gain. Corruption may take the form of Bribery, nepotism, embezzlement or any acts related to abuse of power.
Director	a Director of PBAHB or its wholly owned subsidiaries as defined under the Companies Act 2016.

Employee	a person employed on a permanent or contract basis by PBAHB and its wholly owned subsidiary companies. This can include full time positions, part time positions, graduate scheme places, internships, work experience placements, apprenticeships, contract based roles and any other job position that PBAHB may offer.
Entertainment	business entertainment and hospitality. This includes, but is not limited to, meals, conferences, sporting events, concerts, cultural events, educational events and any related travel, accommodation or hospitality.
Facilitation Payment	a payment for routine governmental action, such as processing papers, issuing permits, and other actions of an official, in order to secure or expedite performance of duties. Facilitation payments exclude payments for legitimate express services that are permitted by law (e.g. express visa services).

7. Duties and Responsibilities

- 7.1. This section of the Policy should be read in conjunction with PBAHB's Board Charter.
- 7.2. The Board of Directors ("the Board") is responsible for:
- (a) ensuring that appropriate policies and procedures to address Integrity matters are approved, established, maintained and periodically reviewed;
 - (b) reviewing the adequacy of PBAHB's Integrity internal control systems and Integrity management information systems;
 - (c) identifying principal corruption risks, set the risk appetite within which the Board expects Senior Management to operate and ensure the implementation of appropriate system to manage the significant financial and non-financial risks and ensuring there is a sound Policy for internal Integrity controls and risk management;
 - (d) ensuring that a culture of ethics and Integrity is promoted within PBAHB;
 - (e) ensuring that information about the content and operation of PBAHB's Integrity programme and allegations of bribery or corruption are received and reviewed at least once every three years;
 - (f) endorsing the corruption risk assessment reports and ensuring that the corruption risks are effectively managed;
 - (g) ensuring PBAHB's business strategies align with this Policy;
 - (h) ensuring that PBAHB complies with all applicable legal and regulatory requirements pertaining to Integrity;

- (i) ensuring that the top management exercises reasonable oversight over the operationalisation and effectiveness of PBAHB's Integrity Policy; and
- (j) providing assurance to internal and external shareholders, through the Group's adoption of a zero tolerance approach towards bribery and corruption, that PBAHB is operating in compliance with its policies and any applicable regulatory requirement.

7.3. The Senior Management is responsible for:

- (a) establishing a written Integrity and ensure that it is kept up to date;
- (b) ensuring that the Integrity PP includes clear guiding principles and proper implementation to address, effective procedures, processes and controls to identify, assess, monitor, manage and mitigate corruption risks;
- (c) promoting a culture of ethics and Integrity within PBAHB;
- (d) ensuring that the lines of authority for personnel tasked with responsibility for designing, executing and overseeing the compliance of Integrity PP requirements are appropriate;
- (e) assigning adequate and accountable resources to operationalise and ensure compliance with the requirements of the Integrity PP;
- (f) providing the appropriate level of Integrity training and communication both internally and externally. This includes sufficient communication of the Integrity PP and PBAHB's zero-tolerance approach towards bribery and corruption;
- (g) ensuring that Directors or Employees shall not suffer retaliation, discrimination or disciplinary action for reports made in good faith, or on the basis of a reasonable belief of violation or suspected violation of PBAHB's Integrity Policy, or for refusing to engage in Bribery, even if such refusal may result in PBAHB losing business;
- (h) reporting periodically to the Board on information relating to the content and operation of PBAHB's anti-Bribery compliance programme and allegations of Bribery or Corruption; and

7.4. Divisions and Departments are responsible for:

- (a) appropriately identifying, assessing, managing, monitoring and escalating corruption risks;
- (b) implementing and embedding the controls specified within the Integrity PP;
- (c) escalating to Integrity Officer pursuant to this Policy and where heightened corruption risks is suspected or identified; and
- (d) considering the key principles and corruption risks in all activities undertaken for PBAHB.

PART B – POLICY REQUIREMENTS

8. Corruption Risk Assessment

- 8.1. PBAHB shall perform an annual corruption risk assessment, or when and where required, to identify, analyse and assess the internal and external corruption risks.

- 8.2. PBAHB shall understand its exposure to corruption risk at a group level, as well as at a department level.
- 8.3. PBAHB shall assess how existing systems and controls are managing these corruption risks. The risk assessment results will determine the appropriate processes and controls to mitigate the identified corruption risks.
- 8.4. The risk assessment results and the remedial actions shall be reported to the Board and to the Suruhanjaya Perkhidmatan Air Negara.
- 8.5. This section should be read in conjunction with Section 4 of the Procedure.

9. Facilitation Payment

- 9.1. In line with PBAHB's zero-tolerance towards Bribery and Corruption, Directors, Employees and Associated Persons are strictly prohibited from offering, promising or making Facilitation Payments.
- 9.2. In the event where a request for payment or actual payment has been made under duress as a direct result of violence or threats to the personal safety of the Director, Employee or Associated Person, the payment be reported as soon as practicable.

10. Dealings with Associated Persons

- 10.1. PBAHB shall perform the appropriate due diligence on its Associated Persons to determine the level of corruption risk they pose to PBAHB prior to their engagement. Associated Persons are strictly prohibited from being empanelled and/or providing services to or on behalf of PBAHB prior to the completion of the necessary due diligence procedures, as defined within the Procedures listed in 10.5.
- 10.2. PBAHB shall perform due diligence and monitoring of its Associated Persons as and when required in accordance with established timelines, and upon the occurrence of the triggered event as listed in *Section 5, Dealing of APs* of the Procedure.
- 10.3. PBAHB shall establish appropriate controls to ensure that payments to Associated Persons are not for the purposes of making bribes or Facilitation Payments.
- 10.4. All contracts with Associated Persons shall include appropriate Integrity contractual safeguard clauses.
- 10.5. This section of the Policy should be read in conjunction with the following Procedures:

- (a) Procedure on Tender Guidelines;
- (b) Procedure on Quotation Guidelines; and
- (c) Section 5 of the Procedure.

11. Gifts, Entertainment and Travel

- 11.1. The following Gifts and Entertainment fall outside of the scope of this Policy:
- (a) Gifts and Entertainment offered by PBAHB's Directors or Employees to other PBAHB's Directors or Employees, including their spouse/partner/children;
 - (b) Gifts and Entertainment received by PBAHB's Directors or Employees to other PBAHB's Directors or Employees' spouse, partner or children; and
 - (c) Gifts and Entertainment given or received in a purely personal capacity, provided it is:
 - (i) not connected to the person's employment with PBAHB;
 - (ii) purely social and not related to PBAHB's business; and
 - (iii) not paid for by PBAHB.
- 11.2. Directors and Employees shall continue to adhere to the key principles when undertaking the activity(ies) listed in Section 11.1 of this Policy , and shall not abuse the personal capacity exemption to circumvent the Policy requirements on Gifts, Entertainment and travel.
- 11.3. All giving and receiving of Gifts, Entertainment and travel shall be carried out in accordance with the key principles of this Policy.
- 11.4. All giving of Gifts, Entertainment and travel shall not be for the purpose of bribing, inducing or obtaining or retaining business, gaining an unfair advantage, influencing a government or regulatory decision for PBAHB or seeking illegal personal gain. For the avoidance of doubt, all receipt of Gifts, Entertainment and travel shall not influence the business decisions of the Directors or Employees, and should be made in PBAHB's best interest.
- 11.5. Directors and Employees may accept invitations to social events or Entertainment within reason according to the scope of their business activities provided that these events or Entertainment activities:
- (a) do not conflict with the key principles in this Policy or to any ethical duties to PBAHB or to the Associated Persons; or
 - (b) do not become a regular feature, such that an obligation is created by the receiving of the events or Entertainment activities resulting in a decision that advantages the offeror's business.

- 11.6. Directors and Employees may, at their personal capacity attend events organised or paid for by external parties provided that there is no potential, perceived or actual Conflicts of Interest.
- 11.7. All offers and acceptance of Gift, Entertainment and travel shall be:
(a) approved by the relevant decision-makers pursuant to their respective Limits of Authority.
- 11.8. This section should be read in conjunction with the following PPs:
(a) PBAHB's Code of Ethics, PBAHB's Procedure on Accounts Payable, Cash Advance, Travelling Claim and Other Miscellaneous Claim Payment Operating Policies and Procedures; and
(b) *Section 6, Offering Gifts, Entertainment and Travel* of the Procedure.

12. Donations and Sponsorships

- 12.1. PBAHB, its Directors and Employees shall not provide donations or sponsorship with the following intentions:
(a) bribing, inducing, obtaining or retaining business for PBAHB;
(b) gaining an unfair advantage for PBAHB;
(c) influencing a government or regulatory decision for PBAHB; or
(d) seeking illegal personal gain.
- 12.2. All giving and receiving of donations and sponsorships shall be carried out in accordance with the key principles of this Policy. For the avoidance of doubt, all receipt of donations and sponsorships shall not influence the business decisions of the Directors or Employees, and should be made in PBAHB's best interest.
- 12.3. Gifts and Entertainment received in return for donations and sponsorship provided by PBAHB shall be treated in accordance to Section 11 of this Policy and Section 7 of the Procedure.
- 12.4. Directors and Employees shall ensure that all donations and sponsorships are not used to hide or disguise Bribery and other improper payments or used to circumvent or avoid any of the provisions in PBAHB's Code of Ethics.
- 12.5. Directors and Employees may give or receive donations and sponsorship in a purely personal capacity, provided it is:
(a) not connected to the person's employment with PBAHB;
(b) purely social and not related to PBAHB's business; and
(c) not paid for by PBAHB.

- 12.6. For the avoidance of doubt and notwithstanding Section 12.5, Directors and Employees shall not abuse the exemption listed in Section 12.5 of this Policy to circumvent the Policy requirements on donations and sponsorships. Donations and sponsorships that give rise to actual or potential Conflicts of Interest shall be avoided, in line with PBAHB's Code of Ethics.
- 12.7. This section should be read in conjunction with the following PPs:
- (a) PBAHB's Code of Ethics; and
 - (b) Section 8 of the Procedure.

13. Managing Conflicts of Interest

- 13.1. Directors and Employees shall:
- (a) not knowingly place themselves in a position that would be in conflict with the interest or statutory duties of PBAHB.
 - (b) not accept or receive personal benefits arising from their employment capacity;
 - (c) not use their position, official working hours, PBAHB's 's resources and assets for personal gain or to PBAHB's disadvantage;
 - (d) not handle matters on behalf of PBAHB's in situations where they have an interest that conflicts with those of PBAHB's ; and
 - (e) report any interests and situations that they know of, which give rise to actual or potential Conflicts of Interest.
- 13.2. This section should be read in conjunction with the following PPs:
- (a) PBAHB's Code of Ethics; and
 - (b) Section 9 of the Procedure.

14. Employment and Hiring

- 14.1. PBAHB shall not provide employment opportunities or similar offers to any person, including Associated Persons or persons related to an Associated Person for the purpose of bribing, inducing or obtaining or retaining business, gaining an unfair advantage, influencing a government or regulatory decision for PBAHB or seeking illegal personal gain.
- 14.2. To ensure that no element of corruption is involved in the hiring process, the recruitment of Employees shall be based on an approved selection criteria to ensure that only the most qualified and suitable individuals are employed and that the offer is supported by a genuine legitimate business need.

- 14.3. The offering of employment opportunities or similar offers, are only permissible if the following criteria are satisfied:
- (a) candidate selection is merit-based; and
 - (b) candidates are subject to the same selection process and checks regardless of sourcing channel (e.g. referrals, external applications).
- 14.4. Hiring decisions which could give rise to actual or potential Conflicts of Interest shall be avoided.
- 14.5. For the avoidance of doubt, this section shall apply to the recruitment of all Employees, irrespective of whether the position is permanent temporary, including but not limited to, graduate scheme places, internships, work experience placements, apprenticeships or contract based roles, or permanent (including fixed-terms employees).
- 14.6. This section should be read in conjunction with the following PPs:
- (a) PBAHB's HR Policy and Procedure on Recruitment; and
 - (b) Section 6.2 and 6.3 of the HR Policy and Procedure on Recruitment.

15. Monitoring and Review

- 15.1. This Policy shall be reviewed and updated periodically to ensure compliance with changes in the law(s) or regulation(s) or upon the occurrence of the trigger events as listed in Section 11 of the Procedure.
- 15.2. PBAHB shall perform regular monitoring to ensure the requirements of this Policy are adhered to. This includes designing and conducting effectiveness review. The frequency of monitoring and review shall correspond to the level of corruption risk.
- 15.3. Appropriate remedial action shall be taken to address deficiencies that have been identified through the monitoring, testing and any trigger events.

16. Management Information Reporting

- 16.1. Information on the management of corruption risk and compliance with the Integrity PP shall be provided to the Board and Senior Management in an appropriate and timely manner to:
- (a) facilitate their oversight and monitoring the effectiveness of existing processes and controls; and
 - (b) ensure continued compliance with the relevant Integrity laws and regulations.

16.2. This section should be read in conjunction with Section 12 of the Procedure.

17. Record Keeping

17.1. PBAHB shall maintain complete and accurate records to demonstrate PBAHB's adherence to the Integrity PP requirements.

17.2. Documentation shall be kept for a minimum period of 7 years and properly stored so these are readily available for review when required.

17.3. If a longer retention period for documents is required by legislation or set out in a separate PP document, the longer retention period shall apply.

17.4. The section should be read in conjunction with PBAHB's Procedure on Management of Records and Files Handling.

18. Incident reporting

18.1. Internal escalation:

- (a) Directors and Employees are required to report or disclose any breach or suspected breach of any law or regulation, PBAHB's 's principles or the provisions of PBAHB's PPs.

18.2. Whistleblowing:

- (a) Incidents involving actual or suspected incidents of Bribery or Corruption, and violations of the Integrity PP can be reported in complete confidence via PBAHB's whistleblowing channels.
- (b) Directors and Employees are strictly prohibited from engaging in any form of retaliation against any person who reports, in good faith, any suspected wrongdoing or who cooperates in an investigation or audit.
- (c) Reported incidents shall be investigated thoroughly and in a timely manner.
- (d) This section should be read in conjunction with PBAHB's Whistleblower's Policy.

19. Escalation and Issues Management

19.1. Non-compliance:

- (a) Non-compliance with this Policy will be escalated to the Integrity Officer for further investigation.

- (b) If the non-compliance with this Policy involves the Director(s) or a member(s) of the Senior Management, then escalation shall be made to the Board as soon as practicable.
- (c) The investigation and disciplinary proceedings shall be co-ordinated by the Integrity Officer, Division Head of Human Resource pursuant to PBAHB's Disciplinary Procedure and, where relevant, with the endorsement of the Board.
- (d) The outcome of the investigation will determine the appropriate disciplinary actions to be taken against the Director, Employee or AP.
- (e) In the event where a wrongdoing is established:
 - (i) PBAHB shall notify the relevant regulatory authority(ies) where Bribery or Corruption incidents have been identified;
 - (ii) PBAHB shall provide full co-operation with the said regulatory authority(ies); and
 - (iii) Directors and Employees may be subject to civil and/or criminal proceeding.

20. Training and Awareness

- 20.1. PBAHB shall establish and maintain a training and awareness programme to educate Directors and Employees on corruption risks and the requirements defined within the Integrity PP.
- 20.2. Directors and Employees shall complete all Integrity trainings organised by Human Resources in a timely manner.
- 20.3. PBAHB shall monitor training attendance of Directors and Employees, assessment results and evaluate the adequacy and effectiveness of the trainings at least annually, to ensure that it remains current and achieves the objectives of this Policy.
- 20.4. The section should be read in conjunction with Section 14 of the Procedure.