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MANAGING DIRECTOR

TNB INTEGRATED LEARNING SOLUTIONS SDN BHD - ILSAS

Km7 Jalan Ikram-Uniten,

43009 Kajang, Selangor

TITLE:

ANTI-BRIBERY POLICY

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1. Background

The main item of legislation relevant to TNB ILSAS in the context of anti-bribery is the Malaysian Anti-Corruption Commission Act 2009 (“**MACCA**”). Specific offences under the Act include accepting gratification, corruptly procuring a withdrawal of tender, bribery of an officer of a public body, bribery of a foreign public official, and using office or position for gratification. Upon conviction of bribery-related offences, TNB ILSAS as a company may receive a significant fine and suffer lasting damage to its finances and reputation. In addition, the company’s directors and personnel may face fines, imprisonment or both. This matter is therefore to be taken with the utmost seriousness by all parties involved in conducting the business of TNB. Having a clear and unambiguous policy statement on TNB’s position regarding bribery forms the cornerstone of an effective integrity management system.

This anti-bribery policy has been developed as part of the ABMS and should be read in conjunction with its supporting documents. If multiple documents speak on the same subject, then the most stringent provision always applies.

2. Objective

This policy sets out TNB ILSAS’s overall position on bribery in all its forms.

3. Scope

This policy is applicable to TNB ILSAS, the BOD and TNB ILSAS Personnel and also the BODs and personnel of Business Associates when they are acting on TNB’s behalf.

4. References

- a) ISO 37001:2016
- b) TNB Code of Ethics
- c) TNB Conflicts of Interest policy
- d) TNB Gifts, Hospitality and Related Benefits Policy
- e) TNB ILSAS Integrity Pact Policy
- f) TNB Whistleblowing Policy / We Hear You Initiative

5. Definitions

The following definitions are included in this policy.

BOD	The Board of Directors of TNB ILSAS
Bribery	<p>Bribery is defined as any action which would be considered as an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission Act 2009 (MACCA).</p> <p>In practice, this means offering, giving, receiving or soliciting something of value in an attempt to illicitly influence the decisions or actions of a person a position of trust within an organisation.</p> <p>‘Gratification’ is defined in the MACCA to mean the following:</p> <ul style="list-style-type: none"> (a) <i>money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;</i> (b) <i>any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;</i> (c) <i>any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;</i> (d) <i>any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;</i> (e) <i>any forbearance to demand any money or money’s worth or valuable thing;</i> (f) <i>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; and</i> (g) <i>any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).</i> <p>Bribery may be ‘outbound’, where someone acting on behalf of TNB ILSAS attempts to influence the actions of someone external, such as a Government official or client decision-maker.</p> <p>It may also be ‘inbound’, where an external party is attempting to influence someone within the TNB ILSAS such as a senior decision-maker or someone with access to confidential information.</p>
Business Associate	An external party with whom the organisation has, or plans to establish, some form of business relationship. This may include clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, advisers, agents, distributors, representatives, intermediaries and investors. A Business Associate may also be referred to as a Third Party, particular if the associate is acting on behalf of the organisation.
Conflict of Interest	When a person’s own interests either influence, have the potential to influence, or are perceived to influence their decision making at TNB ILSAS.

Corporate Gift	Something given from one organisation to another, with the representatives of each organisation giving and accepting the gift. Corporate gifts may also be promotional items given out equally to the general public at events, trade shows and exhibitions as a part of building the company's brand. The gifts are given transparently and openly. Corporate gifts normally bear the company name and logo. Examples of corporate gifts include items such as diaries, table calendars, pens, notepads, plaques, and festive gifts such as hampers, oranges and dates.
Corruption	The Transparency International definition is used for the ABMS: 'The abuse of entrusted power for personal gain.
Exposed Position	A staff position identified as vulnerable to bribery through a risk assessment. Such positions may include any role involving: procurement or contract management; financial approvals; human resource; relations with government officials or government departments; sales; positions where negotiation with an external party is required; or other positions which the company has identified as vulnerable to bribery.
Facilitation Payment	A payment or other provision made personally to an individual in control of a process or decision. It is given to secure or expedite a routine or administrative duty or function.
Hospitality	The considerate care of guests, which may include refreshments, accommodation and entertainment at a restaurant, hotel, club, resort, convention, concert, sporting event or other venue such as company offices, with or without the personal presence of the host. Provision of travel may also be included, as may other services such as provision of guides, attendants and escorts; use of facilities such as a spa, golf course or ski resort with equipment included.
IU	Integrity Unit
Integrity Pledge	A document signed by an individual, committing themselves to act with integrity as they conduct their duties at TNB ILSAS.
Personal Gift	Something given from one individual to another, with the intention of creating or enhancing a personal relationship. The gifts are given in a private setting, without the knowledge or approval of the company management of one or both parties. Personal gifts may include cash, cash equivalents such as credit cards, bitcoin or savings accounts, electronic items, watches, luxury pens, property, vehicles, free fares, shares, interest free loans, lottery tickets, travel facilities, entertainment, services, club memberships, any forms of discount or commission, jewelleries, decorations, souvenirs, vouchers or any other valuable items.
TNB ILSAS Personnel	All individuals directly contracted to the company on an employment basis, including permanent, contract, temporary employees and Directors.
Whistle blower	A person who discloses information on a person or organization engaged in or suspected of being involved in malpractice.

6. Policy owner

The IU is the owner of this policy.

7. Policy

7.1 Anti-Bribery Policy

- a) Our policy is that bribery in all its forms related to TNB ILSAS's activities is prohibited.
- b) Bribery may take the form of anything of value, such as money, goods, services, property, privilege, employment position or preferential treatment. TNB ILSAS Personnel and its Business Associates shall not therefore, whether directly or indirectly, offer, give, receive or solicit any item of value, in the attempt to illicitly influence the decisions or actions of a person a position of trust within an organisation, either for the intended benefit of TNB ILSAS or the persons involved in the transaction.
- c) The anti-bribery policy applies equally to its business dealings with commercial ('private sector') and government ('public sector') entities, and includes interactions with their directors, personnel, agents and other appointed representatives at all levels. Even the possible appearance of bribery is to be avoided, in particular when dealing with government officials.
- d) The anti-bribery policy applies to all countries worldwide, without exception and without regard to regional customs, local practices or competitive conditions.
- e) Therefore, TNB ILSAS does not permit Facilitation Payments even when they are customary under the circumstances.
- f) TNB ILSAS holds a 'No Gifts' Policy. However, there are certain exceptions. Gifts and hospitality are acceptable provided they (1) are limited, customary and lawful under the circumstances; and (2) do not have, or are perceived to have (by either the giver or the receiver), any effect on actions or decisions. Specifically, with respect to gifts and hospitality, (a) there should be no expectation of any specific favour or improper advantages from the intended recipients; (b) the independent business judgment of the intended recipients must not be affected; (c) there must not be any corrupt / criminal intent involved; and (d) the giving out of the gift and hospitality must be done in an open and transparent manner. Further details are set out in the *Gifts, Hospitality and Related Benefits Policy*.
- g) It is TNB ILSAS's policy that no employee or external party will suffer demotion, penalty or other adverse consequences for refusing to pay or receive bribes or other illicit behaviour, even if such refusal may result in the company losing business or experiencing a delay in business operations.
- h) TNB ILSAS recognises the value of integrity in its personnel and directors. Personal integrity should be considered as a part of TNB ILSAS's approach to recruitment, training, performance evaluation, remuneration, and promotion.
- i) TNB ILSAS does not offer employment to prospective personnel in return for their having improperly favoured TNB ILSAS in a previous role.

7.2 Recognition of local and international legislation

- a) TNB ILSAS is committed to observing the laws and regulations which govern our operations in every country where we do business.
- b) Basic Prohibition: TNB ILSAS is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including but not limited to the Malaysian Penal Code (revised 1977) (and its amendments), the Malaysian Anti-Corruption Commission Act 2009, (and its amendments), the Companies Act 2016 (Malaysia), the US Foreign Corrupt Practices Act 1977 (amended 1998), and the UK Bribery Act 2010. These laws prohibit bribery and mandate that companies establish and maintain accurate books and records and sufficient internal controls.

7.3 Business Associates

- a) TNB ILSAS may be held legally responsible for the actions of Business Associates acting on its behalf (commonly called a 'Third Party'). As such, care must be taken to ensure that such entities do not attempt to engage in bribery. If concerns about a Business Associate persist, TNB ILSAS must not engage or use the services of the entity.
- b) TNB ILSAS must ensure that all Business Associates acting on behalf of TNB contractually agree to comply with this policy, particularly the Basic Prohibition in 7.2, and other relevant TNB ILSAS policies, which sets out TNB ILSAS's general position on integrity and business ethics.
- c) Due diligence should also be carried out with regards to any Business Associate intending to act on the company's behalf as an agent or in other representative roles, to ensure that the entity does not commit an act of bribery in the course of its work with TNB ILSAS. Due diligence should be based on a bribery risk assessment. Due diligence may include a search through relevant databases, checking for relationships with public officials, and documenting the reasons for choosing one particular Business Associate over another. The results of the due diligence process must be documented, retained for at least seven years and produced on request by the custodian of the process.

7.4 Responsibilities of TNB ILSAS Personnel

- a) This policy is applicable to all TNB ILSAS Personnel (including the directors of TNB ILSAS), and it seeks to impose specific responsibilities and obligations that are properly reflected in employment contracts, evaluations, incentives and promotional procedures and enforced through standard disciplinary measures.
- b) With respect to directors of TNB ILSAS and its Controlled Organisations, their specific roles include the following:
 - i. Promote good corporate governance practices relating to anti-bribery;
 - ii. Demonstrate support for the implementation and enforcement of this policy;
 - iii. Demonstrate model behaviour and lead by example by complying with this policy;

- iv. Be watchful and alert for signs of possible misconduct or inappropriate behaviour which may relate to bribery;
 - v. Not condone improper practices and to take stern actions when required;
 - vi. Promote the use of whistleblowing mechanisms within TNB ILSAS and give assurance on the protection of whistle blowers.
- c) All TNB ILSAS Personnel are responsible for understanding and complying with this policy. In particular, the role of all TNB ILSAS Personnel includes the following:
- i. Be familiar with applicable requirements and directives of the policy and communicate them to subordinates;
 - ii. Promptly record all transactions and payments accurately and in reasonable detail;
 - iii. Always raise suspicious transactions to immediate superiors for guidance on next course of action;
 - iv. Ask the IU if any questions about this policy arise or if there is a lack of clarity about the required action in a particular situation;
 - v. Be alert to indications or evidence of possible violations of this policy;
 - vi. Promptly report violations or suspected violations through appropriate channels;
 - vii. Participate in integrity and anti-bribery training as determined by the position.
- d) TNB ILSAS Personnel in a supervisory position have a particular responsibility to ensure that the ABMS requirements are applied and complied with within their department or function and to monitor compliance with the policy. They also must ensure that subordinates in 'Exposed Positions' attend relevant training.
- e) When dealing with external providers offering goods and services to the company, TNB ILSAS Personnel shall not:
- i. express unexplained or unjustifiable preference for certain parties;
 - ii. exert improper influence to obtain personal benefits from them.
- f) When dealing with external parties in a position to make a decision to TNB ILSAS's benefit (such as a Government official or client), TNB ILSAS Personnel shall not:
- i. offer, promise or make any attempt at dishonestly influencing the person's decision by directly or indirectly offer or make promise of corrupt payments, in cash or in kind;
 - ii. be involved in any discussions regarding business or employment opportunities, for their own personal benefit or for the benefit of the external party;
 - iii. otherwise abuse the decision-making and other delegated powers given by the senior management, in order to illicitly secure an outcome which would be to the commercial advantage to themselves and/or the company.

7.5 Staff declarations

- a) All new TNB ILSAS Personnel must sign an acknowledgement at the beginning of their employment that they have read and understand this policy and the TNB Code of Ethics for TNB's general position on integrity and business ethics.
- b) All TNB ILSAS Personnel shall sign an Integrity Pledge on a regular basis.
- c) All TNB ILSAS Personnel shall declare any Conflicts of Interest, as stated in the *Conflicts of Interest Policy*.

7.6 Anti-bribery compliance function

- a) TNB ILSAS shall establish and maintain an anti-bribery compliance function, the Integrity Unit (IU) to oversee the management of the ABMS.
- b) The IU shall be recognised as an independent authority within the company structure, equipped to act effectively against bribery, reporting directly to the BOD.
- c) TNB ILSAS shall conduct regular risk assessments to identify the bribery risks affecting the business, set the company's anti-bribery objectives, and assess the effectiveness of the controls in achieving those objectives. This process will ensure the ABMS is appropriate for the purpose of the organisation and inform further improvements of the system.
- d) The IU shall be resourced and staffed to a level in keeping with the size of TNB ILSAS, the risk given the business activities of TNB ILSAS and the scope of the ABMS. The BOD shall ensure that appropriate resources are provided for effective operation of the ABMS and that the IU is staffed with persons who have the appropriate competence, status, authority and independence.
- e) The IU shall provide advice and guidance to personnel on the anti-bribery management system and issues relating to bribery.
- f) The IU shall take steps to ensure that appropriate monitoring, measurement, analysis and evaluation of the ABMS is performed.
- g) The IU shall report on the performance of the ABMS to the BOD regularly, including results of any investigations and audits.
- h) The IU shall have clear terms of reference with a scope of work covering the ABMS and directly related matters.

7.7 Training

- a) TNB ILSAS shall endeavour to conduct a training and awareness programme for all TNB ILSAS Personnel on the company's position regarding anti-bribery, integrity and ethics.
- b) TNB ILSAS shall provide appropriate integrity training for all TNB ILSAS Personnel who are any or all of the following:
 - a. new to the company;
 - b. promoted to a management position or a position involving budget control for the first time;
 - c. appointed to or currently holding a position where bribery is considered a medium or high risk.
- c) Training should be repeated on a regular basis, in accordance with the level of bribery risk related to the position.
- d) All personnel in 'Exposed Positions' should complete tailored anti-bribery training within 3 months of taking the position.
- e) TNB ILSAS shall maintain records to identify which TNB ILSAS Personnel have received training, and produce, communicate and update the training schedule in conjunction with IU to ensure the training policy is adhered to.

7.8 Reporting of policy violations

- a) TNB ILSAS shall establish and maintain suitable reporting ('whistleblowing') channels for receiving information regarding violations of this policy, and other matters of integrity provided in good faith by TNB ILSAS Personnel and/or external parties.
- b) Personnel who, in the course of their activities relating to their employment at TNB ILSAS, encounter actual or suspected violations of this policy are required to report their concerns using one of the reporting channels.
- c) Reports made in good faith shall be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation.
- d) Retaliation in any form against TNB ILSAS Personnel where the person has, in good faith, reported a violation or possible violation of this policy is strictly prohibited. Any TNB ILSAS Personnel found to have deliberately acted against the interests of a person who has in good faith reported a violation or possible violation of this policy shall be subjected to disciplinary proceedings including demotion, suspension, dismissal or other actions (including legal action) which TNB ILSAS may choose to take.
- e) See the *Whistleblowing Policy* for further information.

7.9 Non-compliance

- a) IU shall conduct regular audits to ensure compliance to this policy in accordance with the ABMS Monitoring and Review Procedure. Such audits may be conducted internally by TNB ILSAS or externally by designated Business Associates. Audit documentation should include performance improvement action plans.
- b) Non-compliance as identified by the audit and any risk areas identified through this and other means shall be reported to the BOD in a timely manner in accordance with the level of risk identified.

7.10 Continuous improvement

- a) In maintaining the ABMS, TNB ILSAS is committed to satisfy ISO 37001:2016 anti-bribery management system requirements.
- b) TNB ILSAS shall monitor the legal and regulatory regimes where it operates, and identify any changes to TNB ILSAS's business environment and risks in order to identify opportunities for improvements to the ABMS. A report shall be submitted to the BOD on a regular basis for the BOD to take appropriate action.
- c) The BOD shall conduct regular assessments (at least every two years) of the ABMS, to ensure its scope, policies, procedures and controls match the bribery and other bribery-related risks faced by TNB ILSAS.
- d) TNB ILSAS endeavours to impact the business environment where it operates. This may include extending its integrity programme to non-Controlled Organisations, suppliers and contractors, seeking to work with companies who have a similar commitment and supporting initiatives in the private and public sectors which are likely to improve the integrity of its operating environment.

8. Sanctions for non-compliance

TNB ILSAS regards bribery as a serious matter and will apply sanctions in the event of violations of this policy. For TNB ILSAS Personnel, non-compliance may lead to disciplinary action, up to and including termination of employment. Further legal action may also be taken in the event that TNB ILSAS's interests have been harmed by the results on non-compliance by individuals and organisations.

9. Waiver

Any deviation or waiver from this policy must be approved by BOD.

10. Review & Inspection

The IU will review the suitability of this policy from time to time, in accordance with the ABMS Monitoring and Review Procedure.