

Shan Poornam Group
Anti-Bribery Management System

DUE DILIGENCE PROTOCOL

Effective 1 December 2020

Private and confidential | Strictly for internal circulation only

Contents

1.	Introduction and compliance	2
1.1	Principle of proportionality	2
1.2	Legal requirements	2
1.3	Anti-Bribery Management System.....	2
1.4	Personal data protection	2
2.	Application	2
2.1	Transactions, projects and activities	2
2.2	Business associates and personnel	3
2.3	Exclusion from scope	3
3.	Conduct of due diligence	3
3.1	Due diligence by Relevant Business Units	3
3.2	Due diligence by Finance, Licensing and Shipping Department	4
3.3	Due diligence by Compliance Function	4
3.4	Updates to due diligence.....	4
4.	Financial and non-financial controls.....	5
4.1	Financial controls	5
4.2	Obligation of Human Resource Department.....	5
4.3	Declaration of compliance	5
5.	Review and records	5
5.1	Formal records	5
5.2	Review of this protocol	6
	Schedule A Due Diligence Questionnaire (Customer or Supplier)	7
	Schedule B Due Diligence Questionnaire (Business Associates).....	13
	Schedule C Due Diligence Questionnaire (Personnel)	20
	Schedule D Compliance Declaration Form (Personnel)	25
	Schedule E Compliance Declaration Form (Business Associates).....	26

1. Introduction and compliance

1.1 Principle of proportionality

Shan Poornam Sdn Bhd and its group of companies (collectively, the **Group, we, us or our**) conducts due diligence on a risk-based approach i.e. it is to be tailored to the facts and circumstances surrounding the activity or person. In addition to the risk posed by the Group's participation in the activity or relationship with the person, the nature, type and extent of due diligence undertaken will depend on the Group's ability to obtain sufficient information and the cost of obtaining such information.

1.2 Legal requirements

- (a) The Guidelines on Adequate Procedures issued by the Prime Minister's Office pursuant to Subsection 17A(5) of the Malaysian Anti-corruption Commission Act 2009 [Act 694] (**Section 17A Guidelines**) require, amongst other things, that the Group establish key considerations or criteria for conducting due diligence on parties and personnel before entering into formalised relationships with them.
- (b) The Group has determined that the criteria set out in **Section 1.3** below will be the basis for which due diligence will be conducted, and that the considerations set out in the respective Due Diligence Questionnaires in the Schedules to this Protocol will be employed to assess the bribery risk of the relevant parties and personnel.

1.3 Anti-Bribery Management System

This Protocol is developed to set out the framework for the assessment of bribery risk in relation to categories of:

- (a) transactions, projects and activities; and
- (b) business associates and personnel,

which pose more than a low risk of bribery based on the findings of the Group's bribery risk assessment. It intends to fulfil the requirements set forth in the Group's Anti-Bribery Management System designed for MS ISO 37001:2016 certification (**Anti-Bribery Management System**).

1.4 Personal data protection

This Protocol, and in particular, the results of the due diligence findings, are subject to the personal data protection policies of the Group.

2. Application

2.1 Transactions, projects and activities

As of the effective date of this Protocol, the Group has determined, based on the risk assessment conducted by the Group in consultation with Zaid Ibrahim & Co, and consolidated into a final report on 15 September 2020 (**Risk Assessment Report**), that the following categories of transactions, projects and activities of the Group pose more than a low risk of bribery:

- (a) the raw material purchase and finished goods sales activities of the Aluminium Secondary Ingot business unit; and
- (b) the raw material purchase activities of the Marketing (Precious Group Metal) business unit

(collectively the **Relevant Business Units**). The reasons for this assessment is set out in Section 4 the Risk Assessment Report.

2.2 Business associates and personnel

The Group has concluded based on its Risk Assessment Report that the following categories of business associates and personnel of the Group pose more than a low risk of bribery:

- (a) employees in the Marketing Department authorised to recommend for consideration or conclude contracts for the purchase of raw materials;
- (b) agents, collaborators or other intermediaries engaged by or in collaboration with the Marketing Department to assist with obtaining contracts for the purchase of raw materials;
- (c) employees in the Aluminium Secondary Ingot business unit authorised to recommend for consideration or conclude contracts for the purchase of raw materials or the sale of finished goods;
- (d) agents or other intermediaries engaged by the Aluminium Secondary Ingot business unit to assist with obtaining contracts for the purchase of raw materials or the sale of finished goods;
- (e) employees in the Finance Department authorised to approve payments or recommend them for approval;
- (f) employees authorised to deal with government officers and public officials for the application and renewal of licences and approvals required for the Group's business; and
- (g) employees in charge of logistics, shipping and warehousing, and the Group's external forwarding agents, authorised to deal with government officers and public officials for the transportation of hazardous waste or the import and export of raw materials and finished goods.

(collectively the **Relevant Personnel** in the case of individual persons and the **Relevant Associates** in the case of business or corporate entities). The reasons for this assessment is set out in Section 4 the Risk Assessment Report.

2.3 Exclusion from scope

The Group has concluded based on its Risk Assessment Report that it would be unnecessary, unreasonable or disproportionate to undertake due diligence on the following categories of (1) transactions, projects and activities, and (2) business associates and personnel as they pose a low risk of bribery.

- (a) the manufacturing business units (i.e. Precious Group Metal, Non-precious Group Metal, Project SWARNA and Industrial Sludge (SPG));
- (b) the Trading Department;
- (c) the Purchasing Department (for operational suppliers); and
- (d) the administrative functions responsible for branding, information technology, facility maintenance, human resources and security.

The reasons for this assessment is set out in Section 4 of the Risk Assessment Report.

3. Conduct of due diligence

3.1 Due diligence by Relevant Business Units

The Heads of Department of the Relevant Business Units shall ensure that their respective business units:

- (a) perform the due diligence set out [Schedule A](#) and complete its questionnaire:

- (i) in respect of all its existing customers or suppliers, as soon as reasonably practicable; and
- (ii) before formalising its relationship with any new customers or suppliers;
- (b) perform the due diligence set out [Schedule B](#) on Relevant Associates or [Schedule C](#) on Relevant Personnel (i.e. engaged by its department to assist with obtaining contracts for the purchase of raw materials or the sale of finished goods, and complete the respective questionnaire):
 - (i) in respect of existing Relevant Associates and Relevant Personnel, as soon as reasonably practicable; and
 - (ii) before formalising its relationship with any new Relevant Associate or Relevant Personnel; and
- (c) before employing any new Relevant Personnel, perform the due diligence set out [Schedule C](#) and complete its questionnaire in respect of any Relevant Personnel (i.e. with authority to recommend or conclude contracts for the purchase of raw materials or the sale of finished goods) to be employed within its department after the effective date of this Protocol.¹

3.2 Due diligence by Finance, Licensing and Shipping Department

The director or manager in charge of the Finance, Licensing and Shipping Department shall perform the due diligence set out [Schedule C](#) and complete its questionnaire in respect of any Relevant Personnel employed within its department i.e. with authority:

- (a) to approve payments or recommend them for approval;
- (b) to deal with government officers and public officials for the application and renewal of licences and approvals required for the Group's business;
- (c) to deal with government officers and public officials for import and export of raw materials or finished goods,

respectively, and:

- (i) in respect of existing Relevant Personnel, as soon as reasonably practicable; and
- (ii) before employing any new Relevant Personnel (including assignment to the role as a result of an internal transfer or promotion).

3.3 Due diligence by Compliance Function

Where a Relevant Personnel is a head of department, the Compliance Function shall conduct the due diligence set out [Schedule C](#) and complete the relevant questionnaire.

3.4 Updates to due diligence

A completed due diligence questionnaire for customers, suppliers and business associates shall be valid for five years, and should be reviewed and updated at the expiry of this term or whenever facts or circumstances have come to the attention of the responsible party that may change the findings of bribery risk from due diligence.

¹ Employment law does not allow for termination of an existing employment on the basis that, after employment and the introduction of this Protocol, the employee is considered to pose more than a low risk of bribery.

4. Financial and non-financial controls

4.1 Financial controls

The Finance Department shall:

- (a) ensure that in respect of any payment request in excess of RM10,000.00:
 - (i) to customer or suppliers of the Relevant Business Units, the Finance Department has in its record the duly completed questionnaire set out in [Schedule A](#); and
 - (ii) to Relevant Associates or Relevant Personnel (acting as intermediaries for the Relevant Business Unit), the Finance Department has in its record the duly completed questionnaire set out in [Schedule B](#) or [Schedule C](#) (as applicable); and
- (b) enclose a copy of the duly completed questionnaire when submitting any payment request in excess of RM100,000.00 to the relevant approving authority within the Group.

[Section 4.1](#) does not apply to the payment of salary to Relevant Personnel who are employees of the Group.²

4.2 Obligation of Human Resource Department

The Human Resource Department shall not submit to the relevant approving authority, a proposal to employ a Relevant Personnel, including the request made under the Manpower Requisition Form (FHRM-CPC-01:03), unless it is submitted together with a duly completed due diligence questionnaire set out [Schedule C](#).

4.3 Declaration of compliance

The following persons:

- (a) the Compliance Function;
- (b) all Relevant Personnel who are employees of the Group (i.e. those persons having been identified as holding positions exposed to more than a low risk of bribery);
- (c) the Group CEO; and
- (d) members of the board of directors of Shan Poornam Sdn Bhd,

shall complete and execute the compliance declaration form enclosed in [Schedule D](#) every year and as soon as reasonable practicable after any significant and substantive revision to the Anti-Bribery and Corruption Policy of the Group.

5. Review and records

5.1 Formal records

The Compliance Function shall maintain a register of all the duly completed due diligence questionnaires that:

- (a) shall be made available at all times to the Group's top management and to the heads of department of the Relevant Business Units and the Finance, Licensing and Shipping departments; and

² Withholding salary can be a breach of applicable Malaysian labour law. Disciplinary action for employees that are involved in improper conduct or bribery is dealt with in the Group's Investigation and Non-Compliance Protocol.

- (b) at its request, shall be made available to the board of directors of the Group, at a duly convened meeting of the Board, for their review.

5.2 Review of this protocol

The Compliance Function will monitor compliance with this Protocol. The Board will review this Protocol regularly with consultation of the Compliance Function to ensure that it continues to remain relevant and appropriate.

Approved by the Board on 27 November 2020.