

SATO KOGYO CO., LTD.
ANTI-CORRUPTION POLICY

INTRODUCTION

The corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (the "Act") has come into force on 1 June 2020. The Act imposes a criminal liability on the commercial organisation if a person associated to it corruptly gives any gratification with the intent to obtain or retain business or an advantage for the commercial organisation.

The offence comes with a heavy penalty of a fine not less than 10 times the value of the bribe or MYR 1 million (whichever is higher) and/or imprisonment of a term not exceeding 20 years.

Sato Kogyo Co., Ltd. ("Sato Kogyo") is committed to prevent the occurrence of corrupt practices in the organisation and has zero-tolerance towards bribery and corruption in our actions and decisions, both internally and externally.

Therefore, there is a need to put in place a policy as a defence in case there is proven corruption by the associated person.

PURPOSE

This policy provides guidance and information on how to combat bribery and corruption. If any of our employees has any doubt on the scope of applicable laws or application of this policy, please consult your immediate supervisor, Head of Department or Human Resource Department.

SCOPE

The Policy is applicable to Sato Kogyo's employees of all levels, whether they are full-time, part-time, contract, temporary, interns or trainees.

The Policy shall extend to consultants, sub-contractors and suppliers, service providers and any third parties with business dealings with Sato Kogyo.

Any misconduct by employees shall be dealt with applicable disciplinary procedures.

REQUIREMENTS AND GUIDELINES

With the introduction of Section 17A of the Act, Malaysian Anti-Corruption Commission (MACC) has launched a guideline on adequate procedures. The guideline is based on the five (5) principles, i.e. **T.R.U.S.T.**

- T** - Top Level Commitment
- R** - Risk Assessment
- U** - Undertake Control Measures
- S** - Systematic Review, Monitoring and Enforcement

T - Training and Communication

Commercial organisation is required to develop their procedures as a defence to corporate liability charge based on **T.R.U.S.T.**

POLICIES AND MEASURES

Our policies and measures shall be based on the five (5) principles, i.e. **T.R.U.S.T.**

T - Top Level Commitment

R - Risk Assessment

U - Undertake Control Measures

S - Systematic Review, Monitoring and Enforcement

T - Training and Communication

T -> TOP LEVEL COMMITMENT

The top management is against the use of corrupt practices in relation to its business activities and is committed to:

- (i) core value of “integrity” which promote a corporate culture based on sincerity, transparency and fairness;
- (ii) ensure the applicable laws and regulatory requirements on anti-corruption are fully complies and to manage the key corruption risks of the organisation;
- (iii) encourages whistleblowing to disclosure any inappropriate, unethical or unlawful behaviour and practices by the top management or employees;
- (iv) communicating the organisations’ policies and commitments on anti-corruption to both internal and external parties;
- (v) documented the Administrative Authority Regulation to provide clarity and accountability at each respective level for the companies and departments within Sato Kogyo;
- (vi) Discuss and review key area of risks during the top management meeting, conduct audit whenever necessary and to carry out investigate when there is whistleblowing on breaching conduct.

R -> RISK ASSESSMENT

The top management will conduct corruption risk assessments as and when necessary to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation, especially when there is a change in law or circumstance of the business.

U -> UNDERTAKE CONTROL MEASURES

- i) Due Diligence

Due diligence exercise shall be carried out by Sato Kogyo prior entering into any formalised relationships with parties such as employees, agents, vendors, sub-contractors, suppliers, consultants and senior public officials. Methods may include background checks on the person or entity, a document verification process, or conducting interviews with the person to be appointed to a key role where corruption risk has been identified.

ii) Reporting Channel

Sato Kogyo encourage any person to report, in good faith, any suspected, attempted or actual corruption incidents. The top management will ensure the confidentiality of the whistleblower's identity and the information reported. The top management will also prohibit retaliation against those making reports in good faith.

The few modes of communication that whistleblower may report corruption incidents to top management are personal meeting or reporting via telephone, post or email.

iii) Gifts and Benefits Policy

Sato Kogyo only allow receiving and giving gifts and benefits in manners that are consistent with local custom and culture. Employees are prohibited to accept cash, gratuities and other form of financial benefits from any business associates.

Corporate gifts, contribution or sponsorship may be offered to business associates, provided that prior approval must be obtained from the top management.

iv) Political Contribution

Sato Kogyo is prohibited to make any contribution to political candidates or parties.

S -> SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT

The top management to review and assess the performance, efficiency and effectiveness of the anti-corruption programme periodically.

Assessment will also be carried out by the Internal audit conducted by ISO team to ensure that contractors/suppliers/consultants are engaged based on their merits, qualification and experience for the required goods/services. Their performance/delivery must be satisfactory to be considered for future appointment/project.

The completed assessments are to be reviewed by the top management.

T -> TRAINING AND COMMUNICATION

The Anti-Corruption Policy must be communicated and made available to all employees and business associates of Sato Kogyo. The communication of the organisation's policies may be through trainings, emails, circulars, briefing during meetings, notice boards and etc.

Makoto Ito
General Manager
1 August 2020