

NORTHEAST GROUP BERHAD 202201025913 (1471610-P)
ANTI-BRIBERY & CORRUPTION POLICY

1. INTRODUCTION

- 1.1 The Board of Directors (“**Board**”) of Northeast Group Berhad and its subsidiaries (“**Group**”) believes that honesty, integrity and transparency are the core values of good corporate governance. The Board is responsible to ensure that the Group has in place policies and procedures that adequately address and manage bribery and corruption risks, promote a culture of integrity within the organisation, the organisation’s policies and commitments on anti-bribery and corruption is being communicated to both internal and external parties as well as comply to laws and regulatory requirements on anti-bribery and corruption.
- 1.2 Based on recommendation by the Audit and Risk Management Committee, the Board has formalised its Anti-Bribery and Corruption Policy (“**Policy**”) to comply with the Malaysian Anti-Corruption Commission (“**MACC**”) Act 2009 (Amendment 2018) (“**Act**”).
- 1.3 The Compliance Officer is the Head of Human Resources Department.

2. POLICY STATEMENT

- 2.1 It is the Group’s policy to conduct all its business in an ethical, responsible and transparent manner. The Group takes a zero-tolerance approach to bribery and corruption and is committed to the highest standards of integrity, openness and accountability in the conduct of the Group’s business and operations. It is the goal of the Group to avoid acts which might reflect adversely upon the integrity and reputation of the organisation.
- 2.2 This Policy applies to the Group, its Directors, employees and associated persons (i.e. agents, consultants, contractors, suppliers, customers, bankers and any other persons dealing with the Group). Compliance with this Policy constitutes terms of service or conditions of providing services to the Group by these said parties. Each such person is bound to the provisions of this Policy upon notification of the most recent copy being given to them or placed in Group’s webpage.
- 2.3 The purpose of this Policy is to:-
 - (a) set out the responsibilities of the Group, its Directors, employees and associated persons, in observing and upholding the Group’s position on bribery and corruption; and
 - (b) provide information and guidance on how to deal with bribery and corruption issues that may arise in the course of business.

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- 2.4 Individuals involved in bribery and corruption will be liable to fine or sentenced to imprisonment under the Act. The Corporate Liability Provisions under the Act make the company criminally liable for the bribery and corrupt acts of its “associated persons” unless the company can prove that it had implemented adequate procedures to prevent the occurrence of such acts. If the company or its Directors, employees or associated persons is found to have taken part in such acts, the company would face a hefty penalty (fine not less than 10 times the sum or value of the gratification, or RM1 million, whichever is the higher, or imprisonment not exceeding 20 years or both fine and imprisonment) and may face damage to reputation, financial loss and disbarment from business and other negative consequences. Directors and/or employee engaging in bribery or corrupt practices may face dismissal, fine and imprisonment. Therefore, the Group takes its legal responsibilities very seriously.

3.0 FORMS OF BRIBERY AND CORRUPTION

- 3.1 For purposes of this Policy, each of the examples in 3.2 to 3.4 below is referred to as a “**bribery and corruption offence**”.

3.2 **Bribes**

A *bribe* is the act of giving or receiving something of value in exchange for some kind of influence or action in return, that the recipient would otherwise not offer. A bribe is the gift bestowed to influence the recipient's conduct. It may be money, goods, rights in action, property, preferment, privilege, emolument, objects of value, advantage, or merely a promise to induce or influence the action, vote, or influence of a person in an official or public capacity.

3.3 **Kickbacks**

A *kickback* is a form of negotiated bribery in which a payment is paid to the bribe-taker in exchange for services rendered or to cooperate in an illegal scheme. The most common form of kickback involves a vendor submitting a fraudulent or inflated invoice (often for goods or services which were not needed, of inferior quality, or both), with an employee of the victim company assisting in securing payment. For his/her assistance in securing payment, the individual receives some sort of payment (cash, goods, services) or favour.

3.4 **Extortions**

An *extortion* is a criminal offence of obtaining money, property, or services from an individual or institution, through coercion, i.e. action or practice of persuading someone to do something by using force or threats (verbal or written).

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4.0 ANTI-BRIBERY AND CORRUPTION STANDARDS

- 4.1 It is prohibited for the Group, its Directors, employees, and associated persons to:-
- (a) give, promise to give or offer, a payment, gift or hospitality to a third party or otherwise engage in or permit a bribery offence to occur, with the expectation that an advantage in business will be received, or to reward a business advantage already given;
 - (b) give, promise to give or offer, a payment, gift or hospitality to a third party to “facilitate” or expedite a routine procedure;
 - (c) accept a payment, gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the Company in return;
 - (d) threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concern under this Policy or the Group’s Whistle Blowing Policy; and
 - (e) engage in any activity that may lead to a breach of this Policy.
- 4.2 In the event any suspicion of any action conflicting to this Policy occurs, an employee, Director or associated person must notify the Compliance Officer or make disclosure under Group’s Whistle Blowing Policy.
- 4.3 Non-compliance with this Policy may result in criminal or civil penalties which will vary according to the offence. A Director or an employee acting in contravention of the Policy will also face disciplinary action up to and including dismissal.

5.0 CONFLICTS OF INTERESTS

- 5.1 Conflicts of interests must be avoided and where an actual, perceived or potential conflicts of interests occurs, it must be recorded in the **Conflicts of Interest Register (“COI Register”)** maintained by Human Resources Department who will then highlight to the Heads of Department or Top Management to note and decide on the course of action to mitigate the conflicts of interests.
- 5.2 Conflicts of interests happen in situations where two or more competing interests’ conflict and impair an individual’s ability to make objective decisions. Generally, conflicts of interests arise when personal interests interfere with Group’s interests. It may not necessarily result in unethical or illogical acts but may arise when employee take actions or have interests that may make it difficult to perform their roles in the Group’s objectively.

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- 5.3 It is not possible to list all situations or relationships which may create a conflict of interest or the appearance of one, so each situation must be evaluated as they can be damaging to employee or to the company. Conflicts of interests which are fully disclosed in certain circumstances may be acceptable, assuming appropriate mitigations have been agreed and implemented.
- 5.4 Each department must ensure that:-
- (a) Directors/ employees are aware of the need to declare any actual, perceived or potential conflicts of interests in the COI Register;
 - (b) Head of Department agree and record any actions required to mitigate the conflicts of interests in the COI Register; and
 - (c) any actual, perceived or potential conflicts of interests that cannot be resolved in that manner is escalated to the Compliance Office for advice and/or Managing Director (a principal executive officer of the Company for the time being, by whatever name called, and whether or not he is a director) for final decision.

6.0 RECEIVING AND PROVIDING GIFTS

- 6.1 As a general principle, the Group's Directors and employees are prohibited to ask, accept, offer or/and give gift for personal benefits to avoid conflict of interest or the appearance of conflict of interest. He/She should refrain from taking advantage of his/her position or exercising his/her authority to further his/her own personal interest at the expense of the company.
- 6.2 Gifts offered or received, will only be acceptable if they are:-
- (a) Reasonable;
 - (b) Appropriate;
 - (c) Legal;
 - (d) Not intended to influence; and
 - (e) Provided in accordance with this Policy.

The Group is well aware that the exchange of gifts can be a very delicate matter whereby in certain cultures or situations, gift giving is a central part of business etiquette. Refusal to accept the gift from another party or not providing such gift to another party may affect the Group's business relationship with them. Receiving/ accepting a gift or providing the gift on behalf of the Group is allowed only in limited circumstances as stated in 6.6 below.

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- 6.3 Directors and employees are expected to immediately declare the gift (monetary and non-monetary) based on the following limits:-
- (a) Receiving gift: RM1,000 and above; or
 - (b) Providing gift: RM1,000 and above.
- provided in the **Declaration of Gifts Received or Provided** respectively. This declaration form will be submitted to Managing Director who will then highlight to the Head of Department or Top Management for them to note and decide on the course of action. The type of gifts and decisions made are recorded in the **Gift Register** maintained by Human Resources Department
- 6.4 In the event the gift is accepted, the Head of Department or Top Management must determine the treatment of the gift whether to:-
- (a) donate the gift to charity; or
 - (b) hold it for departmental display; or
 - (c) share with other employees in the department; or
 - (d) permit it to be retained by the Director/ employee.
- 6.5 In determining the above, the Head of Department or Top Management are expected to exercise proper care and judgment in each case, taking into account pertinent circumstances including the character of the gift, its purpose, the position/ seniority of the person(s) receiving the gift, the business context, reciprocity, applicable laws and cultural norms.
- 6.6 Exceptions to the general rule on receiving and provision of gifts are permitted in the following situations:-
- (a) exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official company visit/ courtesy call and thereafter said gift is treated as company property);
 - (b) gifts from the company to external institutions or individuals in relation to the company's official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event);
 - (c) gifts from the company to Directors and employees and/or their family members in relation to an internal or externally recognised company function, event and celebration (e.g. in recognition of an employee's/ Director's service to the Group);

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- (d) token gifts of nominal value normally bearing the Group's logo or (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc are deemed as part of the company's brand building or promotional activities; and
 - (e) gifts to external parties who have no business dealings with the Group (e.g. monetary gifts or gifts in-kind to charitable organisations).
- 6.7 In the above exceptional circumstances, Directors and employees are expected to exercise proper judgment in handling gift activities and behave in a manner consistent with the general principles set out in the Group's Code of Conduct as follows:-
- (a) adhere to the highest standard of integrity and behaviour;
 - (b) avoid conflicts of interest situations; and
 - (c) comply with applicable laws, regulations and company's policies and procedures, and reporting on any non-compliance.
- 6.8 Any gift that falls within the categories below is not permissible and must be declined:-
- (a) any gift of cash or cash equivalent in the form of vouchers, discounts, coupons, shares and commission etc.;
 - (b) any gifts involving parties engaged in a tender or competitive bidding exercise;
 - (c) any gifts that comes with a direct/ indirect suggestion, hint, understanding or implication that in return for the gift, some expected or desirable outcome is required;
 - (d) any gift that would be illegal or in breach of local or foreign bribery and corruption laws; and
 - (e) any gift which is lavish or excessive or may adversely affect the reputation of the company.

If any Director or employee receive a request for a bribe or if you are offered a bribe, he/she must report it to your Head of Department or the Compliance Officer.

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7.0 PROVIDING AND RECEIVING ENTERTAINMENT

- 7.1 The Group recognises that providing modest entertainment is a legitimate way of building business relationships and as such a common practice within the business environment to foster good business relationship with customers, auditors, consultants and other parties dealing with the Group (“external parties). As such, eligible employees are allowed to entertain external parties through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients. Directors and employees should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore proper care and judgment should always be exercised when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.
- 7.2 Directors and employees are strictly prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery and corruption. He/She is required to maintain expenses within the limits of his/her entitlement stated in the policy set by the Human Resource Department/ Top Management, when carrying out entertainment activities.
- 7.3 The Group also recognises that the occasional acceptance of a reasonable and modest level of entertainment provided by third parties in the normal course of business is a legitimate way to network and build good business relationships. However, it is important for Directors and employees to exercise proper care and judgement before accepting entertainment offered or provided by a third party. This is not only to safeguard the Group’s reputation, but also to protect the Directors and employees from allegations of impropriety or undue influence.
- 7.4 Any entertainment activity that falls within the categories below is not permissible and must be declined:-
- (a) any entertainment that comes with a direct/ indirect suggestion, hint, understanding or implication that in return for the entertainment provided, some expected or desirable outcome is required;
 - (b) any entertainment activities that would be illegal or in breach of local or foreign bribery laws;
 - (c) any entertainment activities that would be perceived as extravagant, lavish or excessive or may adversely affect the reputation of the Group; and
 - (d) any entertainment activity that is sexually oriented or may otherwise tarnish the reputation of the Group.

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8.0 CONTRIBUTIONS, SPONSORSHIPS AND DONATIONS

- 8.1 The Group is prohibited to make donations, whether in cash, kind or by any other means, to support political parties or candidates as it is perceived as an attempt to gain an improper business advantage.
- 8.2 Sponsorships and donations made to charities or beneficiaries shall not be disguised as illegal payments to government officials or to fund illegal activities in violation of anti-money laundering, anti-terrorism and other applicable laws.
- 8.3 In accordance with the Group's commitment to contribute to the community as part of Corporate Social Responsibility, coupled with its values of integrity and transparency, all contributions, sponsorships and donations must comply with the following:-
- (a) made legally under local laws and practices;
 - (b) obtain all the necessary authorisations in accordance to the Group's Summary of Authority Limits;
 - (c) be made to well established entities having an adequate organisational structure to guarantee proper administration of the funds;
 - (d) be accurately stated in the company's accounting books and records; and
 - (e) not to be used as a means to facilitate and conceal acts of bribery.

9.0 RED FLAGS

- 9.1 A red flag will serve primarily as a caution and identifying a potential risk that requires some form of constraint or oversight. The following is a list of "red flags" that may indicate the possible existence of bribery and corrupt practices and should be kept in mind by all parties subject to this Policy:-
- (a) Services, hiring, meetings
 - (i) A lack of transparency about services rendered;
 - (ii) Requests from government officials or agencies to engage or hire specific third parties;
 - (iii) A desire to keep third party representation secret; or
 - (iv) Private meetings between third party and government officials.

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- (b) Agreements
 - (i) Refusal to execute a written agreement or requests to perform services without a written agreement where one is sought; or
 - (ii) Refusal to sign a confidentiality agreement.
- (c) Compensation fees
 - (i) Excessive or unusually high compensation; or
 - (ii) Fee, commission, or volume discount provided is unusually high compared to market rate.
- (d) Invoices
 - (i) Requests an invoice to reflect a higher amount than the actual price of goods provided;
 - (ii) Invoices vaguely describe the services provided or lack detail (e.g. “services rendered”);
 - (iii) Invoices that cannot be matched to the associated work product, purchase orders or contracts;
 - (iv) Missing or inadequate documentation to support services and invoices;
 - (vi) Over-invoicing or false invoices;
 - (vii) Invoices unprofessional in appearance;
 - (viii) Payment of unjustified high prices; or
 - (ix) Payments to P.O. boxes or non-existent addresses.
- (e) Purchasing
 - (i) Purchase of unnecessary or inappropriate items; or
 - (ii) Purchase items in quantities beyond what is demonstrated need.
- (f) Reimbursement/ Expenses
 - (i) Poor or non-existent documentation for travel and expense reimbursements or other disbursements; or
 - (ii) Travel expenses for customers/ third party for which there is no legitimate business purpose.

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- (g) Gifts
 - (i) A gift offered for something in return; or
 - (ii) Any gift that appears excessive.
 - (h) Charitable Contributions
 - (i) Request for charitable contributions or other favours as a way of influencing official action; or
 - (ii) Charitable contribution made to an organization having an affiliation with a government official, customer or costumer representative.
- 9.2 This list is not exhaustive and there is a need to be alert to other indicators that may raise a suspicion of bribery and corruption. Identifying these red flags will help in understanding the nature of the risks we are dealing with and find appropriate measures to mitigate them.

10.0 RECORD-KEEPING

- 10.1 The Group must develop, implement, maintain and monitor a system of internal control to facilitate compliance with this Policy, as well as to foster a culture of integrity and maintain high ethical standards throughout the Group.
- 10.2 The Group must keep financial records and all other records including form and registers as mentioned in 5.1 and 6.3 above for a period of 7 years as evidence that transactions are executed, approved and recorded according to policies and procedures on anti-bribery and corruption.
- 10.3 All transactions must be executed in line with management's authorisation, and that the company prepares accurate financial statements to conform with applicable Malaysian Financial Reporting Standards and other regulatory/ statutory requirements.
- 10.4 The Group must maintain and make available for inspection books and records that document all financial transactions and risk assessments. No accounts or cash funds are to be kept "off-book" to facilitate or conceal improper payments. The use of false documents and invoices is prohibited, as is the making of inadequate, ambiguous or deceptive bookkeeping entries and any other accounting procedure, technique or device that would hide or otherwise disguise illegal payments.
- 10.5 To ensure effectiveness of internal controls, finance personnel and management will review transactions and expense or payment requests for warning signs that signal transactions being performed not on commercial basis or which present risks to the company.

11.0 REPORTING VIOLATION, INVESTIGATION AND DOCUMENTATION

- 11.1 Any employee, Director or associated person must immediately report in accordance with the procedures set out in this Policy when they:-
- (a) uncover an instance of bribery; or
 - (b) suspect that a bribe has been, or is in the process of being, paid or received or merely discussed; or
 - (c) receive or otherwise become aware of information which suggests that a bribe is in the process of being, paid or received or merely discussed.
- 11.2 Any prohibited act or possible violations of the Policy shall be reported to the Compliance Officer who will perform initial investigation. Where the matter is deemed potentially serious, it will be promptly reported to the Managing Director and/or Chairman of the Audit and Risk Management Committee, and the following procedure will take place:-
- (a) the report will be recorded and an investigative file will be opened;
 - (b) the Managing Director or the Chairman of the Audit and Risk Management Committee will promptly commission the conduct of an investigation. The investigation may be conducted by designated personnel or by external party employed, if so decided by the Managing Director or the Chairman of the Audit and Risk Management Committee. The Board shall be informed of the existence of the investigation;
 - (c) the identity of the person filing the report will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order;
 - (d) on completion of the investigation, a written investigative report will be provided by the person(s) conducting the investigation to the Managing Director and/or the Chairman of the Audit and Risk Management Committee. If the investigation has documented unlawful, violative or other questionable conduct, the Managing Director or the Chairman of the Audit and Risk Management Committee will report to the Board on the matter and remedial action will be taken or alternatively, to seek the advice and/or decision by the Board, where required.
- 11.3 No Director, employee or associated person will suffer demotion, penalty or other adverse consequences for refusing to engage in or permit a bribery offence or raising concern or reporting possible wrong doing, even if it may result in the company losing business or suffer a disadvantage. He/She is entitled to raise concerns about violations or potential violations of this Policy in confidence and without risk of reprisal.

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- 11.4 The Group has adopted a Whistle Blowing Policy which provides procedures for reporting concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/ has taken place/ may take place in the future. The Whistle Blowing Policy can be found in the Group's website at www.northeast.my.

12.0 RISK ASSESSMENT

- 12.1 The Board, through the Audit and Risk Management Committee, maintains an oversight to ensure that risk management and internal control is operating effectively and adequately in all material aspects. The Risk Management team which comprises the Managing Director Risk Officer/Compliance Officer and the respective Heads of Department who are responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and internal control as well as taking the appropriate and timely corrective action.
- 12.2 Business/ Operational risks shall include assessment of business opportunity risks, i.e. risks of bribery and corruption which may arise when pursuing or obtaining business opportunities.
- 12.3 The Risk Management detailing the risk management and internal control framework which comprise key elements namely risk governance, risk appetite, risk management and key internal control processes, are stated in the Statement on Risk Management and Internal Control.
- 12.4 The internal audit unit plays an independent role in reviewing the adequacy and integrity of the internal control system of the Group and reporting to the Audit and Risk Management Committee.

13.0 RESPONSIBILITY OF THIS POLICY

- 13.1 The respective Heads of Department have full authority to implement this Policy within their areas of responsibilities, which include:-
- (a) designing, implementing and maintaining systems and controls to prevent, minimise risk and detect any bribery and corruption practices;
 - (b) ensuring that employees are aware of and understand this Policy;
 - (c) ensuring employees participate in any training specific to the needs on the said employee or job function; and
 - (d) act promptly if employee expressed any concern and handle the matter in accordance to this Policy.

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- 13.2 The Board has overall responsibility for ensuring this Policy complies with the Group's legal and ethical obligations.
- 13.3 The Compliance Officer has primary responsibility in reviewing the implementation of this Policy, considering its suitability and adequacy, as well as monitoring its use and effectiveness.
- 13.4 All Directors, employees and associated personnel are responsible for the success of this Policy and ensure that they follow the policy and procedures set out herein. They are also invited to comment on this Policy and propose ways to improve this Policy. Comments, suggestions and queries should be addressed to the Compliance Officer.

14.0 MONITORING AND REVIEW

- 14.1 This Policy shall be revised as and when the need arises for any amendment or update.
- 14.2 Amendments to this Policy must be approved by the Board.

15.0 COMMUNICATION AND PUBLICATION OF THIS POLICY

This Policy is made accessible to all Directors, employees and associated personnel on the Group's website at www.northeast.my. They shall acknowledge that they have read, understood and agreed to comply with the Anti-Bribery and Corruption Policy on the date herein or as and when he/she join the Group. Any amendments to this Policy shall be communicated to them accordingly.

The Policy was reviewed and adopted by the Board on 18th March 2024.