



Anti-Bribery and Corruption (ABC)

**POLICIES & PROCEDURE
IN COMPLIANCE TO SECTION 17A MACC ACT 2018**

Lai Pau Construction Sdn Bhd (refer to as "The Company") to comply with Section 17A of the **Malaysian Anti-Corruption Commission (MACC) Act 2018**, the company has implemented effective anti-bribery and corruption (ABC) policies and procedures. Section 17A holds companies liable for corrupt acts committed by their employees or associated persons if the corrupt act was made to obtain or retain business or an advantage for the company. To avoid liability, a company must demonstrate that it has adequate procedures in place to prevent corruption. Below is a framework outlining the key policy components and procedures the company has adopted.

1. Anti-Bribery and Corruption Policy

The company has adopted a formal Anti-Bribery and Corruption (ABC) Policy. This policy clearly defines:

- What constitutes bribery and corruption (e.g., offering, giving, receiving, or soliciting anything of value to influence decisions).
- The company has zero-tolerance toward bribery and corruption.
- The consequences of violations, which may include disciplinary actions and legal consequences.
- Reporting mechanisms for employees to report suspected corrupt practices.

Anti-Bribery and Corruption Policy:

- **Objective:** The purpose of this policy is to ensure that all employees, directors, agents, and business partners avoid any act of bribery or corruption.
- **Scope:** This policy applies to all employees, suppliers, contractors, business partners, and any associated persons working on behalf of the company.
- **Definitions:** Clear definitions of bribery, corruption, facilitation payments, kickbacks, and other unethical activities.
- **Commitment:** Statement from top management to promote and enforce the policy throughout the company.



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2. Risk Assessment

The company has conducted a corruption risk assessment to identify and assess risks of bribery and corruption in its operations. This should include:

- Evaluating high-risk areas such as relationships with government officials, third-party agents, suppliers, contractors, and customers.
- Assessing regions or industries where the company operates that may have higher corruption risks.
- Reviewing historical data on corruption incidents or areas where the company has experienced challenges with compliance.

The risk assessment should be conducted regularly to ensure it reflects any changes in the company's operations, markets, and the regulatory environment.

3. Internal Controls and Procedures

Company has established robust internal controls to prevent corruption and bribery. These controls have included:

- Authorisation and approval procedures for financial transactions, gifts, entertainment, and third-party engagements.
- Clear separation of duties to prevent conflicts of interest and minimise opportunities for bribery.
- Regular audits to review financial transactions, contracts, and payments to ensure compliance with anti-bribery policies.
- Record-keeping requirements to ensure transparency in transactions and demonstrate that they were carried out in accordance with company policies.

Internal Controls:

- No single individual should have control over the entire financial process; there should be checks and balances for approval of expenses and payments.
- Policies regarding the gifts and hospitality employees can accept shall not exceed a maximum limit of RM500.



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- A third-party due diligence process to assess the integrity of new suppliers, contractors, or agents.

4. Due Diligence and Third-Party Risk Management

The company has implemented due diligence procedures to evaluate the integrity of third parties (agents, contractors, joint venture partners, etc.). This helps to mitigate the risk of corrupt activities by third parties acting on behalf of the company.

- Perform background checks on third parties to assess their reputation and any prior involvement in corrupt practices.
- Implement third-party agreements that require compliance with anti-bribery and corruption policies.
- Establish ongoing monitoring of third-party relationships to ensure compliance with ABC policies.

5. Training and Awareness Programs

All employees, officers, and relevant third parties will undergo regular training on anti-bribery and corruption policies. The training will include:

- Clear explanations of the company's policies, procedures, and ethical expectations.
- Case studies or examples of bribery and corruption scenarios to raise awareness.
- How to recognise and handle situations where bribery or corruption might occur.
- The process for reporting suspected or actual bribery or corruption.

Training should be tailored to employees' roles and levels of responsibility (e.g., senior management may receive more in-depth training on compliance risks).

6. Whistleblowing Mechanism

The company has provided a safe, confidential, and accessible whistleblowing mechanism for employees and external parties to report suspected bribery or corruption. The mechanism has included:

- Anonymous reporting options to protect the identity of whistleblowers.
- Clear procedures for how reports will be handled, investigated, and addressed.



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- Assurance that retaliation against whistleblowers will not be tolerated, and that those making reports in good faith will be protected.

7. Monitoring and Enforcement

The company has a system for monitoring and enforcing its anti-bribery and corruption policies:

- Regular audits and reviews of financial records and transactions to detect irregularities that may suggest bribery or corruption.
- Internal investigations when there is suspicion or evidence of corrupt practices.
- Clear disciplinary procedures for violations of the policy, including termination and possible legal action.
- Monitoring of third-party relationships to ensure ongoing compliance with anti-corruption standards.

8. Continuous Improvement

The company will review and update its anti-bribery and corruption policies and procedures regularly. Continuous improvement should involve:

- Reviewing and adjusting policies based on feedback, audits, or new regulatory developments.
- Evaluating the effectiveness of training programs and making adjustments if needed.
- Keeping up with global anti-corruption trends, legal updates, and industry best practices.

Procedures for Compliance:

1. Risk Assessment Procedures:

- Identify high-risk areas (e.g., government interactions, procurement processes).
- Perform periodic risk assessments and update based on operational changes.
- Develop mitigation strategies based on identified risks.



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2. Due Diligence Procedures:

- Implement background checks for all third parties and partners.
- Verify business practices, corporate social responsibility (CSR) compliance, and ethical records.
- Establish agreements outlining ABC compliance expectations.

3. Monitoring Procedures:

- Audit financial transactions regularly, especially those involving government entities or third-party agents.
- Review gifts, entertainment, and sponsorships to ensure they adhere to the company's policy.
- Ensure a system of checks and balances for financial approvals and contracts.

9. Conclusion

By following these policies and procedures, the company has demonstrated its commitment to preventing bribery and corruption, ensuring compliance with **Section 17A of the MACC Act 2018**, and protecting its reputation and business interests. Establishing a robust ABC program not only safeguards the company from legal risks but also contributes to ethical business practices and long-term success.

Policy Adoption Date: 28 FEB 2025

Approved by: 