

UOB Kay Hian Securities (M) Sdn. Bhd.  
UOB Kay Hian Wealth Advisors Sdn. Bhd.

# **Anti-Bribery and Corruption Policy**

# Version Control Log

Version	Date of revision	Updated by	Approved by	Section	Summary of Key Changes
1.0	22 November 2019	Compliance	Head of Compliance	NA	Introduction of ABC Policy
2.0	27 January 2021	Compliance	Head of Compliance	- 3.4 - 3.10 - Appendix 1 - Appendix A	Removal of Gifts, Entertainment, Hospitality Register
3.0	<b>3 December 2024</b>	Compliance	Head of Compliance	- 3.4 - 3.10 - Appendix 1	Insertion of Gifts, Entertainment and Hospitality Register

# Table of Content

<b>1. Introduction.....</b>	<b>4</b>
<b>2. Anti-Bribery And Corruption Policy.....</b>	<b>7</b>
<b>3. Gifts, Entertainment, Hospitality and Travel .....</b>	<b>8</b>
<b>4. Marketing Sponsorship, Charitable Giving and Political Donation .....</b>	<b>9</b>
<b>5. Recruitment and Employment .....</b>	<b>9</b>
<b>6. Third Parties and Relevant Business Associates.....</b>	<b>9</b>
<b>7. Responsibilities of UOBKH Personnel .....</b>	<b>10</b>
<b>8. Training.....</b>	<b>10</b>
<b>9. Risk Assessment and Anti-Bribery And Corruption Compliance Programme .....</b>	<b>11</b>
<b>10. Whistleblowing.....</b>	<b>11</b>
<b>11. Audit and Compliance .....</b>	<b>11</b>

# 1. Introduction

UOB Kay Hian Securities (M) Sdn. Bhd. (“UOBKH”), and its subsidiaries, has adopted a zero tolerance policy against all forms of bribery and corruption. UOBKH is committed to conducting business with transparency, integrity and compliance with regulatory requirements as well as good corporate governance practices. The UOBKH Anti-Bribery and Corruption Policy (“this Policy”) has been formulated to sets out the relevant principles for appropriate business conduct and guidelines for all business transactions that UOBKH undertakes.

UOBKH shall continuously monitor the legal and regulatory regimes to update this Policy as and when required.

## 1.1. Objective & Scope

- 1.1.1. This Policy sets out UOBKH's overall position on bribery and corruption in all its forms.
- 1.1.2. UOBKH, and its subsidiaries, is committed to conduct its business ethically and in compliance with all applicable laws and regulations in the countries where it does business in. These laws include, but not limited to, the Malaysian Anti-Corruption Commission Act 2009 (“MACC”), the Malaysian Penal Code (revised 1977), Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and relevant securities laws. These laws prohibit bribery and acts of corruption, and mandate that companies establish and maintain accurate books and records and sufficient internal controls. In cases where there is a conflict between mandatory laws and the principles contained in this and other policies, the law shall prevail.
- 1.1.3. This Policy elaborate upon those principles, providing guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business. Full compliance to both the spirit and the letter of this Policy is mandatory and should be maintained using a principle-based approach.
- 1.1.4. This Policy is applicable to all employees of UOBKH and its Board of Directors.
- 1.1.5. Although this Policy is specifically written for UOBKH's employees and directors, UOBKH expects that representatives, agents, contractors, sub-contractors, consultants and any others performing work or services for or on behalf of UOBKH shall comply with the relevant sections when performing such work or services.
- 1.1.6. This Policy is available on UOBKH's website.

## 1.2. Definitions

“**Audit Committee**” means the Audit Committee of the Board of Directors of UOBKH

“**Agent**” means any person employed by or acting for another, and includes an officer of a public body or an officer serving in or under any public body, a trustee, an administrator

or executor of the estate of a deceased person, a subcontractor, and any person employed by or acting for such trustee, administrator or executor, or subcontractor;

**“Business Associate”** means an external party with whom UOBKH has, or plans to establish, some form of business relationship. This may include, but not limited to, clients, agents, representatives, outsourcing providers, contractors, consultants, sub-contractors, suppliers, vendors, advisers, distributors, and intermediaries.

**“Corporate Gift”** means something given from one organisation to another, with the appointed 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, with the implicit or explicit approval of all parties involved. Corporate gifts normally bear the Company name and logo. Examples of corporate gifts include items such as diaries, table calendars, pens, notepads and plaques.

**“Customary Gift”** means gifts that are given or receive in conjunction with a customary celebration or festive seasons, ie. Hari Raya Aidilfitri, Chinese New Year. Examples of customary gifts include items such as confectioneries, hampers, “ang pow packets”

**“Gratification”** means—

(a) 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;

(b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;

(c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;

(d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;

(e) any forbearance to demand any money or money’s worth or valuable thing;

(f) any other service or favor 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

(g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f);

**“Government-Linked Investment Companies (GLIC)”** means the 7 entities defined by the Ministry of Finance Malaysia (“MOF”); Minister of Finance (Incorporated) [MOF (Inc.)], Khazanah Nasional Berhad (Khazanah), Employees Provident Fund (EPF), Lembaga Tabung Haji (LTH), Armed Forces Fund Board, Retirement Fund (Incorporated), Permodalan Nasional Berhad (PNB); and any other entities that may be specified by MOF from time to time.

**“Hospitality”** means 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.

**“Public Officer”** or officer of a public body means any person who is a servant of a public body, and includes a member of the administration, a member of Parliament, a member of a State Legislative Assembly, a judge of the High Court, Court of Appeal or Federal Court, and any person receiving any remuneration from public funds, and where the public body is a corporation sole, includes the person who is incorporated as such.

**“Third Party”** means any person engaged by UOBKH to carry out business or undertake business activities on its behalf, or to provide goods or services for UOBKH, which include agents, intermediaries, vendors, service providers and contractors.

### **1.3. Roles & Responsibilities**

#### **1.3.1. UOBKH’s Board of Directors (“BOD”)**

- 1.3.1.1. Approve the Anti-Bribery and Corruption (“ABC”) policy.
- 1.3.1.2. Promote and cultivate anti-bribery and corruption mindset as UOBKH culture.
- 1.3.1.3. Allocate adequate manpower resources and training to increase organizational awareness on ABC.

#### **1.3.2. Senior Management**

- 1.3.2.1. Ensure UOBKH practices the highest level of integrity and ethics.
- 1.3.2.2. Ensure UOBKH fully complies with the applicable laws and regulatory requirements on anti-corruption.
- 1.3.2.3. Manages the key corruption risks of UOBKH.
- 1.3.2.4. Establish, maintain, and periodically review the anti-corruption compliance programme which includes clear policies and objectives that adequately address corruption risks.
- 1.3.2.5. Promote a culture of integrity within the organization and issue instructions on communicating the organisations’ policies and commitments on anti-corruption to both internal and external parties.
- 1.3.2.6. Encourage the use of any reporting (whistleblowing) channel in relation to any suspected and/or real corruption incidents or inadequacies in the anti-corruption compliance programme.
- 1.3.2.7. Assign and adequately resource a competent person or function to be responsible for all anti-corruption compliance matters, including provision of advice and guidance to personnel and business associates in relation to the corruption programme.

#### **1.3.3. Head of Department / Head of Branch**

- 1.3.3.1. Carry out a corruption risk assessment on their responsible department/branch.
- 1.3.3.2. Ensure this Policy is communicated to all employees.
- 1.3.3.3. Establish, maintain and periodically review the ABC compliance programme of the respective department/branch to ensure that it is up to date and complied to.

- 1.3.3.4. Ensure all ABC control measures and procedures are put in place and enforced within their department/branch.
- 1.3.3.5. To immediately report any suspected and/or real corruption incidents to Senior Management.

#### **1.3.4. Compliance Department and Internal Audit Department**

- 1.3.4.1. The BOD has established and appointed the Compliance Department as the department to be the point of reference on ABC compliance matters and overseeing the ABC Compliance Programme. This includes providing advice and guidance to formulating the ABC Compliance Programme for the respective departments.
- 1.3.4.2. The Internal Audit Department shall conduct audits and reviews on the ABC Compliance Programme to assess the performance, efficiency and effectiveness of the ABC Programme.
- 1.3.4.3. The Internal Audit Department shall ensure that the results of any audit, reviews of risk assessment, control measures and performance are reported to all top level management including the BOD, and acted upon accordingly.

## **2. Anti-Bribery and Corruption Policy**

- 2.1. UOBKH does not condone any act of bribery or corruption by all its business dealings and/or transactions.
- 2.2. UOBKH's directors, management and employees are required to adhere to the conducts in this Policy.
- 2.3. All UOBKH personnel and its business associates must not, 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 in a position of trust within an organisation, either for the intended benefit of UOBKH or the persons involved in the transaction.
- 2.4. Bribery and corruption may be in the form of anything of value, such as money, goods, services, property, privilege, employment position or preferential treatment.
- 2.5. Directors, management and employees must not corruptly accept any gratification. Whether for themselves, their families, friends or acquaintances in any form, either directly or indirectly, and must observe anti-corruption measures.
- 2.6. This Policy applies equally to its business dealings with commercial ('private sector'), Government-Linked Investment Companies ("GLIC") and Government ('public sector') entities, and includes their directors, personnel, agents and other appointed representatives.
- 2.7. The perception and possible appearance of bribery or corruption shall be avoided, in particular when dealing with Government officials and/or GLIC.
- 2.8. No employee of UOBKH shall suffer demotion, penalty or any other adverse consequences in retaliation for refusing to pay or receive bribes or participate in other illicit behavior.

### 3. Gifts, Entertainment, Hospitality and Travel

- 3.1. UOBKH personnel are prohibited from soliciting gifts from business associates. Under no circumstances may UOBKH personnel accept gifts in the form of cash or cash equivalent, including gift certificates, loans, commissions, coupons, discounts or any other related forms.

*\*Note: - It is not the intention of this Policy to govern the personal relationships of UOBKH personnel may have with parties that may incidentally be a business associate of UOBKH. However, UOBKH personnel is responsible to ensure any personal relationship activities does not amount to an act of bribery or corruption.*

- 3.2. The only form of gift-giving permitted to business associates is a corporate gift and/or customary gifts. For any other gift that does not fall in the permitted category, approvals must be sought from Senior Management prior to any such gift presentation.
- 3.3. Any gift-giving or event of hospitality is subject to approval according to Limits of Approving Authority of UOBKH and must fulfil the following conditions:-

- 3.3.1. They are customary, lawful and not excessive under the circumstances;
- 3.3.2. They do not have or are perceived to have (by either the giver or the receiver), any effect on actions or decisions;
- 3.3.3. There must be no expectation of any specific favour or improper advantages from the intended recipients;
- 3.3.4. There must not be any corrupt/criminal intent involved; and
- 3.3.5. The giving out of the gift and hospitality must be done in an open and transparent manner.

- 3.4. Where UOBKH's personnel, in their official capacity, receives a gift which is not a corporate gift and/or customary gift, from a business associate, the gift must be reported to the Head of Department ("HOD"), or reporting line superior. The gift must be reported and recorded in the Gift, Entertainment and Hospitality Register (**Appendix I**). The HOD, or reporting line superior, may request for the gift to be returned to the provider if the HOD, or reporting line superior, deem the gift to be excessive and inappropriate.

- 3.5. In the event the HOD, or reporting line superior, approves the acceptance of the gift, he/she must also determine the treatment of the gift whether to:

- 3.5.1. Hold it for departmental display;
- 3.5.2. Share with other employees in the department;
- 3.5.3. Permit it to be retained by the employee; or
- 3.5.4. Request the staff to return it to the sender.

- 3.6. Where UOBKH's personnel, in their official capacity, receives an invitation to a hospitality event, personnel must report such invitation to their HOD, or reporting line superior. Hospitality events that are excluded from such reporting are: -

- 3.6.1. Corporate Public events, ie. festive season open houses.
- 3.6.2. Convention or seminars that are open to the public or members of the industry.
- 3.6.3. Corporate Hosted events which are open to members of the industry.



- 3.7. UOBKH recognises the provision of modest entertainment as a legitimate way of building business relationships and as such a common practice within the business environment to foster good business relationship with business associate. As such, eligible employees are allowed to expense entertainment for business associate through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.
- 3.8. As with provision of modest entertainment, UOBKH recognises the acceptance of modest entertainment provided by business associate to UOBKH Personnel as a legitimate way of building business relationships. However, personnel shall exercise due care and judgement when accepting such hospitalities from business associates to prevent allegations of impropriety or be construed as an act of bribery or corruption.
- 3.9. All gift and/or hospitality received must fulfill the conditions as stipulated in Section 3.3.
- 3.10. Each Department/Branch shall maintain a Gift, Entertainment and Hospitality Register for all provision and receipt of gifts and hospitality value or estimated value above RM 500 as per *Appendix I*.

## **4. Marketing Sponsorship, Charitable Giving and Political Donation**

- 4.1. Any Marketing Sponsorship and Charitable Giving are permitted as guided by the UOBKH's Company Policy.
- 4.2. UOBKH strictly prohibits the giving and receiving of donations and sponsorships to influence any business decisions.
- 4.3. Any Political Donation is only permissible with Senior Management's approval.

## **5. Recruitment and Employment**

- 5.1. UOBKH values the integrity of its personnel and business associates.
- 5.2. UOBKH's recruitment, training, performance evaluation, remuneration, recognition and promotion for all UOBKH personnel, including management, shall be designed and regularly updated to recognise integrity.
- 5.3. UOBKH's recruitment of employees should be based on approved selection criteria to ensure that only the most qualified and suitable individuals are employed.
- 5.4. This is to ensure that no element of corruption is involved in the hiring of employees.

## **6. Third Parties and Relevant Business Associates**

- 6.1. All dealings with third parties and relevant business associates which include outsourcing service provider, suppliers, agents, consultants, introducers and etc. are required to be in compliance with this ABC Policy and all relevant laws.
- 6.2. All third parties and business associates of UOBKH must not be involve in any form of bribery and corruption acts when acting for or on its behalf of UOBKH.
- 6.3. Due diligence should also be carried out with regards to any business associates intending to act on the UOBKH's behalf as an agent or in other representative roles, to ensure that the entity is not likely to commit an act of bribery or corruption in the course of its work with UOBKH.

- 6.4. UOBKH prohibits its business associates to provide personal benefits to UOBKH's personnel in return for business mandates.
- 6.5. All procurements by UOBKH must be done in accordance with UOBKH's Company Procedures on Procurement.
- 6.6. UOBKH reserves the right to terminate a third party or business associate if it is found that they are involve in act bribery or corruption.

## 7. Responsibilities of UOBKH Personnel

7.1. All UOBKH personnel (including its directors, and directors and personnel of its subsidiaries) are required to carry out those responsibilities and obligations relating to the UOBKH's ABC Policy, which includes the following:

- 7.1.1. Be familiar with applicable requirements and directives of the policy and communicate them to their subordinates.
- 7.1.2. Record all gift and hospitality transactions in the Register accurately and with reasonable detail.
- 7.1.3. Always raise suspicious transactions and other "red flags" (indicators of bribery or corruption) to HOD for guidance on the next course of action.
- 7.1.4. Be alert to indications or evidence of possible violations of this Policy.
- 7.1.5. Promptly report violations or suspected violations through appropriate channels.
- 7.1.6. Not misuse their position or UOBKH's name for personal advantage.

7.2. Staff Declarations

- 7.2.1. All UOBKH employee shall certify in writing that they have read, understood and will abide by this Policy. A copy of this declaration shall be documented and retained by the Human Resources Department for the duration of the personnel's employment. The sample declaration is in **Appendix II** of this Policy.
- 7.2.2. UOBKH reserves the right to request information regarding an employee's assets in the event that the person is implicated in any bribery and corruption-related accusation or incident.

## 8. Training

- 8.1. UOBKH shall provide all employees with training and awareness on UOBKH's position on anti-bribery and corruption, integrity and ethics.
- 8.2. Training shall be provided to new employee during the induction training and refresher training will be provided to all staff regularly, in accordance to the level of bribery and corruption risk related to their department or position.
- 8.3. Human Resources and Admin Department shall maintain all training records undergone by employees.
- 8.4. Business associates, who act for, or on its behalf of UOBKH, may also be required to undergo training and awareness by UOBKH.

## 9. Risk Assessment and Anti-Bribery and Corruption Compliance Programme

### 9.1. Risk Assessment

- 9.1.1. Risk assessment enables UOBKH to identify tasks at risk due to corruption, the impact that may arise, the measures practices, method of measuring achievements and resources that is required to reduce the risk. The methodology for performing the risk assessment is in **Appendix III**.
- 9.1.2. This risk assessment shall be used to establish UOBKH's ABC Compliance Programme where appropriate processes, systems and controls can be deployed to mitigate bribery and corruption risk within UOBKH.

### 9.2. Anti-Corruption Compliance Programme

- 9.2.1. The Completed Corruption Risk Register shall be used to determine the requirements of a Department/Branch based on the Anti-Corruption Compliance Programme.
- 9.2.2. The monitoring of the Anti-Corruption Compliance Programme shall be carried out by the relevant Department/Branch and will be reviewed by Compliance Department and/or Internal Audit Department.
- 9.2.3. Any findings and/or conclusions shall be reported to the BOD of UOBKH.

## 10. Whistleblowing

- 10.1. Personnel who, in the course of their activities relating to their employment at UOBKH, encounter actual or suspected violations of this Policy are required to report their concerns using the reporting channels stated in **UOBKH's Company Policy Part 11 Whistleblowing**.
- 10.2. Reports made in good faith, either anonymously or otherwise, shall be evaluated and investigated in a timely manner. The identity of a Whistleblower shall be protected and kept confidential.
- 10.3. Any act of retaliation against persons making such a report in good faith is prohibited.

## 11. Audit and Compliance

- 11.1. UOBKH shall perform regular audits to ensure compliance to this Policy and the anti-bribery and corruption control measures. Such audits may be conducted internally by the Internal Audit Department. Audit documentation should include performance improvement action plans.
- 11.2. The BOD may consider to call for an audit assessment to be conducted by a qualified external audit such as a MS ISO 37001 auditors.
- 11.3. Non-compliance as identified by the audit and any risk areas identified through this and other means should be reported to the Senior Management and Audit Committee in a timely manner in accordance with the level of risk identified.
- 11.4. UOBKH views bribery and acts of corruption as serious matters and will apply penalties in the event of non-compliance to this Policy. UOBKH's Personnel who are

found to be non-compliance to this Policy may face disciplinary action, up to and including termination of employment.

- 11.5. For business associates, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event that UOBKH's interests and reputation have been harmed by the results on non-compliance by individuals and organisations.

**Gift, Entertainment and Hospitality Register for [ \_\_\_\_\_ ] Department**

Date	Giving / Receiving	Recipient	Item(s) Description	Justification / Reason / Purpose	Value / Estimated Value (RM)	Authorised by

**Note: -**

*Corporate Gift and Customary Gift are not required to be recorded in the Register.  
Returned Gift shall also be recorded.*

**The Management**  
**UOB Kay Hian Securities (M) Sdn. Bhd.**  
**UOB Kay Hian Wealth Advisors Sdn. Bhd.**

Dear Sirs,

**STAFF DECLARATION ON ANTI-BRIBERY AND CORRUPTION POLICY**

---

In conjunction with Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018, which came into effect on 1<sup>st</sup> June 2020 and UOBKH's Anti-Bribery and Corruption ("ABC") Policy, all employees and licensed personnel are required to abide by the requirements and provisions set out in the Act and Policy in order to prevent any element of bribery and/or corruption in all business transactions that UOBKHS and its subsidiaries undertake. UOBKH has adopted a zero tolerance policy against all forms of bribery and/or corruption and is committed to conduct business with transparency, integrity and compliance with these regulatory requirements.

I am fully aware that the Company views the offence of bribery and corruption seriously and any personnel caught non-compliance to these policies will face disciplinary action including, among others, termination of employment contract.

In respect of the above, I hereby solemnly declare that I have read and fully understand the ABC Policy which is available in MIS and shall at all times ensure adherence to the ABC Policy and I make this solemn declaration conscientiously believing the same to be true.

Yours faithfully,

---

*Signature*

Name

Position Title

Department

Date

# **Anti-Corruption Risk Assessment Guidance**

## **1. Introduction**

- 1.1. Risk management is an accepted management tool as part of good corporate governance for many organisations in both public and private sectors. The requirements for managing critical risks has long since it becomes the principle responsibility of the Board of Directors as stated in the Code of Corporate Governance of Malaysia. The risk-based approach to corruption prevention helps UOBKH to focus on key processes or activities that have high exposure to potential corruption risks. A risk management approach is the most appropriate way to ensure that these risks are identified and effectively managed.
- 1.2. Anti-corruption risk assessment, broadly defined, encompasses the variety of mechanisms that UOBKH use to estimate the likelihood of particular forms of corruption within UOBKH and in external interactions, and the effect such corruption might have.
- 1.3. Corruption broadly as the abuse of entrusted power for private gain, but corruption can show itself in many ways. Some examples of the main forms include, but not limited to: -
  - Bribery: This is the offering, promising, giving, accepting, or soliciting of an advantage as an inducement for an action, which is illegal, unethical, or a breach of trust or to refrain from acting. Bribery can be a financial or in-kind undue advantage (gratification) that can be paid directly or through intermediaries. An enterprise should consider the most prevalent forms of bribery in its risk assessment, including kickbacks, facilitation payments, gifts, hospitality, expenses, political and charitable contributions, sponsorships, and promotional expenses.
  - Kickbacks: These are bribes fulfilled after an enterprise has awarded a contract to a customer. They take place in purchasing, contracting, or other departments responsible for decisions to award contracts. The supplier provides the bribe by kicking part of the contract fee back to the buyer, either directly or through an intermediary
  - Illegal information brokering: The brokering of corporate confidential information obtained by illegal methods.
  - Insider trading: Any securities transaction made when the person behind the trade is aware of non-public material information, and is hence violating his or her duty to maintain confidentiality of such knowledge.
  - Conflict of interest: A conflict of interest occurs where a person or entity with a duty to the enterprise has a conflicting interest, duty, or commitment. Having a conflict of interest is not in itself corrupt, but corruption can arise where a director, employee, or contracted third party breaches the duty due to the entity by acting in regard to another interest
  - Revolving door: This is corruption linked to the movement of high-level employees from public sector jobs to private sector jobs and vice versa. The main concerns relate to how the practice by an enterprise can compromise the impartiality and integrity of public office. For enterprises, there may be risks in discussing or promising future employment to public officials or using former public officials as board members, employees, or consultants.
  - Patronage: Favoritism in which a person is selected, regardless of qualifications, merit, or entitlement, for a job or benefit because of affiliations or connections.

## **2. Corruption Risk Assessment**

- 2.1. A corruption risk assessment shall form the basis of UOBKH's anti-corruption efforts.
- 2.2. An effective risk assessment in general means understanding the enterprise. It means asking questions broadly, understanding the environments in which it operates, and understanding who the enterprise is dealing with, in both the public and private sector. It also means

understanding how various anticorruption programmes and controls are working in the enterprise, and their effect on risks. Only then can the enterprise direct compliance resources to their best use.

- 2.3. UOBKH's BOD requires each department and/or branch within UOBKH to conduct the corruption risk assessment for their respective department to identify, analyse, assess and prioritise the internal and external corruption risks associated to their department.
- 2.4. The corruption risk assessment shall be used to establish appropriate processes, systems and controls approved by Senior Management to mitigate the specific corruption risks the department/branch is exposed to.

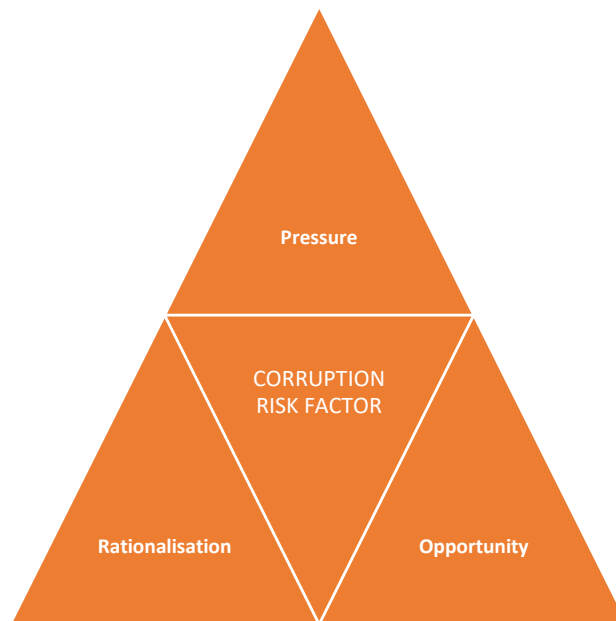
### **3. Corruption Risk Assessment Process and Procedures**

- 3.1. The corruption risk assessment is to be documented in the corruption risk register template in **Appendix A**. The completed risk register template shall be sign off by the Head of Department/Branch, the *identified Department responsible for all anti-corruption compliance matters* and one of the Senior Management.
- 3.2. The corruption risk assessments shall be reviewed and/or updated periodically as and when there are any changes within the department/branch, ie. change in scope of business, products, regulatory risks and/or responsibilities. Should there be no such changes or events, the corruption risk assessment has to be reviewed at minimum once in every 3 years.
- 3.3. The corruption risk register shall form the basis of the respective department/branch's anti-corruption compliance programme for the anti-corruption compliance review.

### **4. Corruption Risk Register**

- 4.1. Identification of Corruption Risks
  - 4.1.1. Risk factors are reasons why corruption may occur at an enterprise based on its environment, including the nature of its operations and locations.
  - 4.1.2. UOBKH utilises and adopt Donald Cressey's Fraud Triangle to assist staff in the identification of corruption risk factor, which defines three elements and conditions (risk factors) that allow for corruption to occur: Pressure, Opportunity, and Rationalization: -
    - A perceived financial pressure, or incentives (e.g., pressure to meet client expectations, financial targets, sales targets);
    - A perceived opportunity to commit an act of corruption with a low likelihood of detection (e.g., monitoring/controls that are perceived to be ineffective, or very complex corporate structure);
    - Rationalization or Attitudes (e.g., history of illegal practices at the enterprise, such as, competitors pay bribes, no one will find out, if I don't do this I'll lose the contract and my job, low staff morale);





4.2. Corruption Scheme is the documentation of how a corruption act can be played out and/or take place in the department/branch.

4.2.1. The description and example of corruption schemes include, but not limited to:-

- *Bribes and kickbacks*  
Individual employees in the procurement function (or their managers) might be offered a bribe or kickback by the vendor in exchange for obtaining business. This bribe can either be in cash, or could involve anything of value, such as: gifts, travel, non-standard meals and entertainment, use of credit cards, or cash transfers disguised as “loans”. But procurement employees could also solicit for a bribe, for example by offering to agree to pay a premium price for goods or services in return (refer to “overbilling schemes”).
- *Overbilling schemes*  
Overbilling is a financial fraud scheme whereby an enterprise receives higher than normal invoice prices that will be paid because the person approving the invoices is involved in the scheme. The invoice approver may have already been paid a bribe or it may be that the vendor is just being used as a vehicle to transfer cash that will be eventually paid back to the procurement officers.
- *Use of agents*  
When entering new markets or obtaining new businesses, enterprises often rely on agents or consultants to familiarize the enterprise with the new country or region and local business practices, or to introduce the enterprise to potential customers. Usually the agent works on a commission basis, receiving a percentage of the sales as a fee. Sometimes agents secure contracts by sharing their fee with personnel at the client side.
- *Gifts and lavish entertainments*  
Customary gifts, meals and entertainment are considered acceptable in many countries. Cultural differences make it sometimes difficult to decide what is the right thing to do. Sales managers might be expected to bring exclusive personal gifts that may be costly, or pay for business dinners and late-night entertainment. This situation can easily become a slippery slope, making it difficult to prevent payments that cross the line between permissible practices and bribery. When the enterprise is not aware about local customs, the competition is fierce, or significant

business opportunities are involved, the enterprise might feel pressure to accept the situation and participate in practices that violate laws or regulations in one or more jurisdictions.

#### 4.3. Rate the inherent risk

- 4.3.1. The rating and the determination of inherent risk shall be done by taking into account the probability of the corruption scheme happening and the potential impact that UOBKH will have if the corruption scheme took place.
- 4.3.2. In the estimation of a probability of a corruption scheme happening, the factors to consider includes, but not limited to: -
- The nature of the transaction or process to which the scheme relates (e.g., whether there is any interaction with government officials);
  - Incidents of the corruption scheme occurring in the past at the enterprise;
  - Incidents of the corruption scheme in the enterprise's industry;
  - The local corruption culture and environment in the region where the scheme would be perpetrated;
  - The number of individual transactions related to the scheme;
  - The complexity of the scheme and the level of knowledge and skill required for execution;
  - The number of individuals needed to perpetrate the scheme;
  - The number of individuals involved in approving or reviewing the process or transaction related to the scheme.

Probability of Identified Corruption Schemes	Guidance
Very low probability of corruption activity	Very difficult to perpetrate even without controls in place.
Little probability of corruption activity	Difficult to perpetrate even without controls in place.
Some probability of corruption activity	Moderately complex to perpetrate without controls in place.
Considerable probability of corruption activity	Easy to perpetrate without controls in place.
Very high probability of corruption activity	Very easy to perpetrate without controls in place.

- 4.3.3. In the assessment process of a potential impact of a corruption scheme in UOBKH, staff shall draw reference to potential Impact Matrix in **Appendix B**.
- 4.3.4. Some of the factors to consider when estimating the potential impact of each risk or scheme include:

- Impact of past incidents of the corruption scheme at the enterprise, if any;
- Impact of incidents of the corruption scheme at other enterprises;
- Potential amounts of fines or penalties;
- The opportunity cost arising from regulatory restrictions on the enterprise's ability to operate or expand;
- Impact on operations such as interruption in the enterprise's ability to transport goods or obtain permits or other required approvals;
- Potential impact on financial statements;
- Impact on recruitment and retention of employees;
- Impact on retention of customers and future revenues;

4.3.5. Combining the probability and potential impact assessments for each corruption scheme results in an assessment of inherent corruption risk.

4.3.6. In determining or estimating the Inherent Risk, a guide is provided as the table below.

Probability	Potential Impact	Inherent Risk
High	Low	Medium
High	Medium	High or Medium
High	High	High
Medium	Low	Medium or Low
Medium	Medium	Medium
Medium	High	High or Medium
Low	Low	Low
Low	Medium	Medium or Low
Low	High	Medium

#### 4.4. Control – Identifying mitigating controls & determine residual risk

4.4.1. Once a corruption risk has been identified, the respective department/branch shall formulate and implement a control to mitigate the specific risk.

4.4.2. Provided is a list of examples of Anti-Corruption Controls that may be implemented: -

##### 4.4.2.1. Typical general entity-level anti-corruption controls

- A formal anti-corruption compliance programme;
- An Anti-Corruption or Compliance Committee mandated to review or receive updates on all high-risk transactions;
- Written standards (i.e., the code of conduct and anti-corruption and other related policies);

- Anti-corruption training and communication for employees;
- Tone from the top and the middle;
- Employee background checks;
- Whistleblower system;
- Gift, entertainment, and hospitality request approval and tracking;
- Conflict of interest certification/disclosure process;
- Third-party contract provision on compliance;
- Multiple levels of vendor contract approval or internal sign-off (e.g., requiring approval from procurement, the legal and compliance functions, and local management);
- Accounting controls on vendor invoice review, approval, and payment;
- A process for travel and expense report review, approval, and reimbursement
- An employee culture of ethics and knowledge assessment;

#### 4.4.2.2. Scheme-specific controls:

- A process for documenting a business need for hiring a consultant;
- Consultant due diligence/screening with specific aspects such as background check, screening against politically exposed persons (“PEP”) lists, a references and credentials check, prior engagements, reputation, and a sample work product review (depending on the risk tier);
- Consultant certification of compliance (initial and at periodic intervals, e.g., annually) such as an anti-corruption policy acknowledgement and certification, a vendor code of conduct, etc.;
- Anti-corruption training and communication activities targeted to the procurement personnel involved as well as to the consultant’s hiring/ongoing management and to the consultant him/herself;
- Periodic consultant performance evaluations, actual work product review;
- Consultant fee/invoice analyses (does the invoice have an adequate level of detail, is the fee reasonable, how does it compare with other similar vendors, is it commensurate with the work product, is there a correlation between a consultant invoice and a particular government action that benefited the enterprise, etc.).
- Periodic gift and entertainment training and communication targeted to sales personnel and their managers;
- Communication to customers about the enterprise’s gift, hospitality, and entertainment policy;
- Tone from the middle: communication to sales personnel from supervisors or market leadership;
- Periodic (e.g., annual) anti-corruption policy acknowledgement or certification among sales personnel and supervisors;

#### 4.4.2.3. Preventative anti-corruption controls

- Written standards (code, anti-corruption policies);
- Tone from the top and the middle: visible senior and mid-level managements setting the expectations;

- Segregation of duties;
- Contract provisions on compliance with the law in general and anti-bribery specifically

4.4.2.4. Detective anti-corruption controls

- Gift, hospitality, and entertainment tracking (after the fact);
- Expense report audit;
- Periodic third-party monitoring (e.g., performance assessment, re-certification);
- Whistleblower system, investigation process and case management;
- Exit interviews;
- Corporate audit, transaction audit, third party audit;
- Employee culture of ethics and compliance assessment, particularly if it includes questions about pressure to commit misconduct, actual policy violations, etc.; and
- Customer, vendor, or third-party survey or interview.

4.4.3. Where control procedures are not possible to be implemented, the justification must be documented for future reference/defence.

4.4.4. In determining or estimating the Residual Risk, a guide is provided as the table below.

If Inherent Risk Is...	And Control Risk Rating Is...	Then Residual Risk Is Normally...
High	Low	High
High	Medium	Either High or Medium
High	High	Either Medium or Low
Medium	High	Low
Medium	Medium	Either Medium or Low
Medium	Low	Medium
Low	High, Medium or Low	Low

4.4.5. Completed Corruption Risk Register shall be signed off by the Head of Department/Branch, the *identified Department responsible for all anti-corruption compliance matters* and one of the Senior Management.

4.4.6. The Corruption Risk Register shall be kept by the respective department/branch and a copy shall be forwarded to Internal Audit Department for record and audit purposes.

## 5. Anti-Corruption Compliance Programme and Reporting

5.1. The Completed Corruption Risk Register shall be used to determine the requirements of a Department/Branch based Anti-Corruption Compliance Programme.

- 5.2. The monitoring of the Anti-Corruption Compliance Programme shall be carried out by the relevant Department/Branch and will be reviewed by Compliance Department and/or Internal Audit Department.
- 5.3. Any findings and/or conclusions shall be reported to the BOD of UOBKH.

Example of Corruption Risk Register

Corruption Risk Factor	Corruption Scheme	Probability	Potential Impact	Inherent Risk	ABC Controls	Control Risk Rating	Residual Risk
<b>INSTITUTIONAL DEALING</b>							
<b>Pressure from Competitive business environment</b>	Providing gratification to client or employees/agents of clients in return for increased trading activities or account maintenance	Medium	Medium	High	ABC Policy on gifts, entertainment, hospitality and travel ABC training provided to employee UOBKH's general ABC Policy and statement Provision / Reimbursement of clients' entertainment requires approval from senior management	Low	Medium
<b>RESEARCH</b>							
<b>Opportunity from low likelihood of detection</b>	Receiving or soliciting gratification from corporates in return for favourable research reports	High	Medium	High	ABC Policy on gifts, entertainment, hospitality and travel ABC training provided to employee UOBKH's general ABC Policy and statement Prohibition of employee from receiving lavish gifts, entertainment, hospitality and travel	High	Medium
<b>H R</b>							
<b>Rationalisation as industry norm</b>	Offers of employment or other paid or unpaid work experience (e.g. internships) as an inducement or quid pro quo to obtain or retain business, to gain an unfair business advantage	Medium	Medium	Medium	ABC Policy HR Policy on referral hiring and candidate due diligence	Medium	Medium

## Impact Matrix

Potential Impact	Reputation	Financial	Legal / Compliance	Stakeholders – Customers	Stakeholders – Employees
<b>Insignificant Impact</b>	Minimal local media attention quickly contained, short term recoverability.	Financial impact is < 5% of selected budget item (e.g., revenue or income).	Notice of violation/ warnings requiring administrative action and minimal penalties	Minimal customer complaints and recovery costs	Insignificant impact on [ ] Department's ability to recruit and retain employees.
<b>Minor Impact</b>	Local market impact on Department's brand and reputation.	Financial impact is between 5% and 10% of selected budget item (e.g., revenue or income).	Routine governing body litigations subject to moderate fines and penalties may be subject to regulatory proceedings and/or hearings.	Minimal decline in customer relationships and some recovery costs.	Some impact on [ ] Department's ability to recruit and retain employees.
<b>Moderate Impact</b>	Sustained local press coverage with escalating customer implications.	Financial impact is between 10% and 20% of selected budget item (e.g., revenue or income).	Routine litigation subject to substantial fines or penalties, subject to regulatory proceedings and/or hearings.	Loss or decline of customer relationships and moderate recovery costs	Significant impact on [ ] Department's ability to recruit and retain top performers.
<b>Major Impact</b>	National or sustained regional press coverage with long-term damage to public image.	Financial impact is between 20% and 30% of selected budget item (e.g., revenue or income)	Potentially a significant governing body scrutiny, investigations subject to substantial fines and penalties, which may include some criminal charges, subject to regulatory proceedings and/or hearings.	Strained key customer relationships and significant recovery costs and threat to future growth.	Major impact on [ ] Department's ability to recruit top performers.
<b>Catastrophic Impact</b>	Global Media Coverage.	Financial impact is > 30% of selected budget item (e.g., revenue or income).	Major scrutiny, investigations subject to substantial fines and penalties including criminal charges, and/or cease-and-desist orders, possible regulatory action.	Loss of major customer relationships and serious threat to future growth.	Sustained impact on [ ] Department's ability to recruit and retain top performers.