

NOMURA ASSET MANAGEMENT MALAYSIA SDN. BHD.
NOMURA ISLAMIC ASSET MANAGEMENT SDN. BHD.
(hereinafter collectively referred to as “NAM Malaysia”)

ANTI-BRIBERY AND CORRUPTION POLICY

JUNE 2020

1. Introduction

The Malaysian Anti-Corruption Commission Act 2009 (referred to as “**MACC Act**”) came into effect on 1 January 2009. Under the MACC Act, any act of soliciting or receiving gratification, act of offering or giving gratification, act carried out with an intent to deceive and act of using office or position for gratification constitute as offences and are punishable upon conviction. The MACC Act is applicable to individuals who are citizens and permanent residents of Malaysia for offences committed within or outside of Malaysia.

Pursuant to the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the MACC Act was amended to insert a new Section 17A which came into force on 1 June 2020. Under the new Section 17A, a commercial organisation can be convicted of an offence of corruption if a person associated with the commercial organisation commits a corrupt act (i.e. give, agree to give, promises or offers any form of bribes) in order to obtain or retain business; or to obtain or retain an advantage in the conduct of business for the commercial organisation.

In view of the provisions of the MACC Act and the Guidelines of Adequate Procedures, NAM Malaysia have established this Anti-Bribery and Corruption Policy (hereinafter referred to as “**Policy**”) to ensure that any employee and/or director of NAM Malaysia is not engaged in any bribery and corruption related activities in the course of their employment, duties and/or responsibilities.

For avoidance of doubt, this Policy shall be read with other manual and policies which NAM Malaysia are subject to including, but not limited to, NAM Malaysia’s Compliance Manual & Code of Conduct, NAM Malaysia’s Anti-Money Laundering Policy, and Nomura Group’s Code of Conduct.

Under no circumstances any act of bribery or corruption by any employee and/or director which (directly or indirectly) violates this Policy would be tolerated by NAM Malaysia. NAM Malaysia would not hesitate to take disciplinary action against any employee which commits or threatens to commit violation of the Policy. In addition, the employee and/or director of NAM Malaysia may be subject to criminal penalties which may thereafter negatively affect NAM Malaysia’s reputation and good name.

2. Application

The Policy applies to all individuals under employment or working for NAM Malaysia including permanent employee, temporary employee, employee on contract, employee under

secondment, trainees and interns (collectively referred to as “**employees**” in this Policy), as well as directors of NAM Malaysia.

Where applicable, the Policy also applies to external parties which conduct business with NAM Malaysia (collectively referred to as “**Business Associates**”), and any individual located at other Nomura or Nomura Asset Management (“**NAM**”) offices conducting business for and on behalf of NAM Malaysia.

3. Salient Provisions under the MACC Act

a) Gratification

For the purposes of the MACC Act, gratification is defined as follows¹:-

- i. 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
- ii. Any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity
- iii. Any payment, release, discharge or liquidation of loan, obligation or other liability whether in whole or in part
- iv. Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage
- v. Any forbearance to demand any money or money’s worth of valuable thing
- vi. Any other service or favour 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 forbearance from the exercise of any right or any official power or duty
- vii. Any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (i) to (vi)

b) Bribery

Under the MACC Act, bribery involves any act of corruptly soliciting or receiving gratification for himself or for any other person; or offering or giving gratification to any person whether for the benefit of that person or of another person, as an inducement or a reward for doing or not doing anything in respect of any matter or transaction.

Corrupt offences apply to any person who by himself, or by or in conjunction with any person, commits the offence(s) prescribed under the MACC Act.

4. NAM Malaysia Policy and Practice

NAM Malaysia do not tolerate nor condone any practices relating to bribery and corruption in their business or contractual relations. To inculcate a working culture amongst employees and directors that discourage illegal or unethical pursuits of self-interests or for personal benefit, NAM Malaysia have established the following policies and practices for adherence by all employees and directors:-

¹ Section 3 of the MACC Act

a) Conflicts of Interest

All employees and directors of NAM Malaysia should avoid any conflicts of interest that arise or may arise in the course of carrying out their duties and responsibilities. Any conflicts of interest that cannot be avoided must be declared by the employees and directors and such conflicts must be recorded, managed appropriately and, where necessary, disclosed to the client.

To better manage any potential conflicts of interests:

- NAM Malaysia have in place “Chinese Walls” to contain specific information in separate parts of NAM Malaysia.
- NAM Malaysia makes disclosure to the client of any interest NAM Malaysia (including affiliates and employees) may have in transaction involving the client.

b) Abuse of Position

As Capital Markets Licence Holder, NAM Malaysia owe a fiduciary duty to the clients. To fulfill such duty, NAM Malaysia require all employees and directors to act, at all times, in utmost good faith, honesty, without fraud, collusion or participation in wrongdoing, and in the best interests of the clients.

All employees and directors are prohibited from abusing their positions by making use of information or other materials obtained in the course of their duties for the direct or indirect benefit of themselves or any other person (whether in terms of position or valuable materials/consideration).

c) Gifts, Benefits and Entertainment

NAM Malaysia have in place a policy stipulating specific requirements which control the giving or receiving of gifts, benefits and entertainment. These requirements include general principles when giving or receiving gifts, benefits and entertainment, monetary thresholds as well as prohibitions of transactions deemed inappropriate. Any exceptions to the requirements would require prior approval from the Compliance, Risk and Legal Department, and the management respectively.

d) Political and Charitable Donations

Generally, any donation or sponsorship in support of charitable or philanthropic causes by NAM Malaysia is permitted. Any corporate giving by or on behalf of NAM Malaysia is governed by NAM Malaysia’s Gift, Benefits and Entertainment Policy and is subject to prior approval by the management.

However, any donations or sponsorships which are given (directly or indirectly) to charitable or philanthropic bodies, or to support such other similar causes as a means to disguise any act of bribery or corruption, or any transaction for the benefit of any member or officer of public or government body (including his/her relatives and associates), are strictly prohibited. Without limiting the foregoing, any political or charitable donations given in exchange for obtaining or retaining business, or other improper advantage for the benefit of NAM Malaysia or any other

person (including a member or officer of public or government body), or an attempt to do so, is strictly prohibited.

In all circumstances, any political donation made in exchange for obtaining or retaining business or improper advantage of any Nomura or NAM entity (including NAM Malaysia), their employees or any other person (including any member or officer of public or government body), is strictly prohibited.

Further to the above, NAM Group adheres to the United States (“US”) Securities and Exchange Commission’s Pay-to-Play Rule which is designed to prevent investment advisers from seeking to influence government officials’ awards of advisory contracts by making or soliciting political contributions to those officials. To ensure compliance of the rule, NAM Group (which NAM Malaysia are members of) has imposed a prohibition on all their employees from providing gifts or political contributions to any US state or local government officials.

e) Due Diligence and Risk Assessment

Before establishing any business relationship with a Business Associate, NAM Malaysia would perform reasonable due diligence on the Business Associate. The level of due diligence would depend on and corresponds with the background of the Business Associate which may include type of entity, nature of business, services or products, jurisdiction or country of incorporation, tax residency, as well as profiles of management, directors and ultimate beneficial owners. The aforesaid factors would be assessed based on a pre-determined risk matrix which would thereafter determine the risk score of the Business Associate. Any Business Associate which exceeded the acceptable risk score would require exceptional approval from the management before any business relationship is established.

On an ongoing basis, NAM Malaysia would perform periodic due diligence on existing Business Associates. The frequency and level of due diligence would depend on the risk score assigned to the Business Associate. A higher risk score would mean the due diligence process would be more frequent and intense.

In the course of carrying out due diligence, NAM Malaysia would utilise third party screening facilities with links to:

- **Sanctions and watch lists** issued by international bodies (such as Financial Task Action Force, United Nations Security Council) and local authorities
- **Politically Exposed Persons** databases
- **Adverse media** screening facilities

At the company level, NAM Malaysia carry out enterprise-wide and inter-departmental risk assessment exercises at least on a yearly basis:

- **Enterprise-wide risk assessment** is carried out by the Compliance, Risk and Legal Department which entails to the process of identifying the company’s key risks (which, amongst others, include legal and compliance risks) and reviewing the strength of the company’s policies and practices in mitigating such risks.

- **Inter-departmental risk assessment** is carried out by each department which involves the identification of key risks in each operational line and review of material operational processes.

NAM Malaysia believe that such continuous assessments would help to strengthen corporate policies and practices whilst raising awareness amongst the employees on the importance of maintaining proper controls within their respective operational lines.

f) Facilitation Payment

Facilitation payment falls under the interpretation of “gratification” under the MACC Act and is prohibited. Facilitation payment refers to payment made (typically, to a public or government official) to facilitate approval of a business transaction/activity or to ensure the successful completion of certain routine administrative tasks. Facilitation payment may be commonly referred to in Malaysia as “kickback”, “under counter payment”, “grease money”, or “tea/coffee money”.

This Policy prohibits any employee, director or Business Associate from giving or receiving any form of facilitation payment (either directly or indirectly) for and on behalf of NAM Malaysia, their employees and/or affiliates. In the event a facilitation payment is made inadvertently by the employee or director in the normal course of duties, or the employee or director had made facilitation payment whilst under duress or out of fear for his/her life or personal safety; the affected employee or director must report the matter to the Compliance, Risk and Legal Department as soon as possible after such payment was made.

g) Business Associate

Business Associate herein refers to an external party with whom NAM Malaysia have established or plan to establish business relations. This includes clients, outsourcing service providers, agents, distributors, contractors, consultants, advisers, brokerage firms, financial institutions, trustees, or any third party assisting or performing functions for and on NAM Malaysia’s behalf in the course of NAM Malaysia’s business.

NAM Malaysia expect Business Associates to comply and adhere to this Policy to the extent that it is relevant to their relationship with or services provided to NAM Malaysia.

h) Whistleblowing

Employees / Directors

NAM Malaysia are committed to promote and maintain high standard of transparency, accountability and ethics in the workplace and in all their business conducts. In line with this commitment, NAM Malaysia have in place a whistleblowing policy which encourages employees to report any violation of this Policy, concerns of malpractice and/or criminal offence (including bribery and corruption related activities) through independent and neutral channels without fear of recrimination. The identity of the employee and the content of such report will be held in confidence. Employees may opt to make such reports anonymously in accordance with the procedures of NAM Malaysia’s Whistleblowing Procedures.

Business Associates

Similarly, NAM Malaysia encourage Business Associates to report any violation of this Policy, concerns of malpractice and/or criminal offence (including bribery and corruption related activities) which may involve NAM Malaysia's employees or directors through the following channels:-

- **Email** : compliance@nomura-asset.com.my
- **Mail** : **Nomura Asset Management Malaysia Sdn. Bhd.**
Suite 12.2, Level 12, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia.

OR

Nomura Islamic Asset Management Sdn. Bhd.
Suite 12.3, Level 12, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia.

- **Attention** : Managing Director / Compliance, Risk and Legal Dept.

Any report received from Business Associates would be treated and handled in confidence pursuant to NAM Malaysia's Whistleblowing Procedures. The identity of the whistleblower would similarly be accorded with the protection of confidentiality, to the extent reasonably practicable. Although Business Associates may opt to make such reports anonymously, nothing herein shall prevent or restrict NAM Malaysia from ascertaining or requesting for the disclosure of the whistleblower's identity to further assist in the investigation of the report. After an investigation has been concluded, NAM Malaysia may, where advisable, inform the whistleblower the outcome of the investigation though NAM Malaysia have no obligation to do so.

5. Review of Policy

NAM Malaysia reserve the right to review and amend this Policy from time to time to ensure that it continues to remain relevant and appropriate.