



Anti-Bribery and Corruption Policy

Version 1.0

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Table of Contents

1. INTRODUCTION.....	3
2. SCOPE.....	3
3. ANTI-BRIBERY AND CORRUPTION.....	4
3.1 DEFINITION	4
3.2 PROHIBITION OF BRIBERY.....	5
3.3 RED FLAGS	8
4. KEY AREAS OF RISK	8
4.1 REGIONS OR COUNTRIES	9
4.2 HIGH VALUE AND LONG-TERM CONTRACT.....	9
4.3 INTERMEDIARIES.....	9
4.4 GOVERNMENT OFFICIALS	10
5. RECORD-KEEPING.....	10
6. CONSEQUENCES OF VIOLATION	11
7. RAISE CONCERNS AND SEEK GUIDANCE	13
8. REVIEW OF POLICY	14
9. REFERENCE.....	14
Annex A: EXAMPLES OF REG FLAGS.....	15

1. INTRODUCTION

- 1.1 EDM I Limited (“EDMI” or the “Company”) and its subsidiaries companies are committed to conduct business dealings and operations with honesty, integrity and high ethical standards. Where EDM I does not have controlling interest, EDM I should encourage associated companies or joint ventures to adopt this Anti-Bribery and Corruption policy (“Policy”) or a comparable policy.
- 1.2 The Company adopts zero-tolerance approach to bribery and corruption, and are committed to comply with all applicable anti-bribery laws and regulations of countries and jurisdiction within which Company conducts business, including but not limited to Singapore Prevention of Corruption Act, United Kingdom Bribery 2010 and United States Foreign Corrupt Practices Act 1977. Where local laws, regulations or rules are more stringent, the more stringent must be applied and complied.
- 1.3 This Policy must set the minimum standard of conduct for EDM I as to prevent any violation of bribery and corruption laws. This policy must be read in conjunction with all other related policies and directives, for example, *Third Party Risk Management Procedures*, *Code of Professional Conduct and Business Ethics* and *Gifts and Entertainment Policy and Conflict of Interest Policy and Procedure*.
- 1.4 An effective anti-bribery program help mitigate risk of bribery, strengthens reputation, builds the respect of employees, raises credibility with key stakeholders and supports an enterprise’s commitment to honest and responsible behavior (Transparency International, 2013).

2. SCOPE

- 2.1 This Policy applies to all of following:
 - i. The Company, its subsidiaries and associated companies and joint ventures where the Company or its subsidiaries have controlling interest;
 - ii. All directors, officers and employees (including full-time, part-time, contract and temporary) of the Company, its subsidiaries and associated companies and joint ventures where the Company or its subsidiaries have controlling interest (collectively referred as “Employees” in Policy); and

- iii. Any parties with business relationship with EDM I including but not limited to intermediaries such as agents, consultants, vendors, contractors, or any parties appointed to act on EDM I's behalf including but not limited to consultants, representatives, distributors, or any other person worldwide who are associated with EDM I (collectively referred as "Third Party Associates" in this Policy).

3. ANTI-BRIBERY AND CORRUPTION

3.1 DEFINITION

- 3.1.1 "**Bribery**" refers to 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. Inducements can take the form of money, gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.) (Transparency International, 2018).
- 3.1.2 "**Corruption**" refers to the abuse of entrusted power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs (Transparency International, 2018).
- 3.1.3 "**Anything of value**" refers to any form of benefits or goods that may be considered as bribes if proved to have been offered corruptly, including but not limited to following:
 - i. cash or cash equivalent, such as cheques, bonds, gift cards; or
 - ii. gifts, meals, entertainment or hospitality such as travel or accommodation;
 - iii. membership to an exclusive country club;
 - iv. job or employment offer;
 - v. unauthorized political and charitable contribution;
 - vi. unauthorized sponsorships; and
 - vii. facilitation payments or kickbacks.
- 3.1.4 "**Foreign Official**" or "**Government Official**" refers to any officer or employee of a government or any department, agency, or instrumentality thereof, or of

a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

3.1.5 **“Facilitation payment”** or **“Grease payment”** refers to unofficial payments made with the purpose of expediting or facilitating the performance by a public official of a routine government action to which the payer is legally entitled (AfDB & OECD, 2016).

3.1.6 **“Red flags”** are indicators of potential issues regarding governance failure, collusion or corruption in projects; as a first-line indicator of potential corruption, and the triggering of the flag is presented as grounds for further investigation (WorldBank, 2010)

3.2 PROHIBITION OF BRIBERY

3.2.1 The Company prohibits all parties specified under Section [2](#) of this Policy to:

- i. offer, payment, promise to pay, or authorization of the payment; or
- ii. offer, promise to give, or authorization of the giving;

of anything of value to any person including any Government Officials, political party or candidate of foreign political office.

3.2.2 The Company prohibits all Employees and Third-Party Associates bribery in any forms, whether (i) direct or indirect, (ii) giving or accepting, (iii) offering or requesting or (iv) authorize or agree on payment(s) with intent to improperly influence performance and/or judgement of a person.

3.2.3 All Employees and Third-Party Associates must not offer, give, authorize, promise, request, receive or accept payment to any party with

- i. any awareness for improper payment made;
- ii. awareness of improper payment is likely to occur; or
- iii. reason to believe or suspect of improper payment likely to occur

that all or part of payment will be given to another person (including Government Officials) for an improper purpose.

- 3.2.4 Where business courtesies exchange is necessary and legitimate to create goodwill and/or strengthen business and commercial relationships, such courtesies must not intend to improperly influence performance and/or judgement of a person for any business and/or personal advantage.
- 3.2.5 All Employees must not be involved in any form of pass-through payments via personal account, unless with prior written approval from EDMI Chief Financial Officer and Chief Executive Officer. Cash transaction is not allowed regardless the amount, unless with prior written approval from Chief Financial Officer.
- 3.2.6 All Employees must observe and comply with *Gifts and Entertainment Policy*, which includes authorized limits for any political and charitable contributions.
- 3.2.7 All Employees must not accept or attempt to accept, directly or indirectly, a bribe or kickback or any other personal benefit in connection with his or her duties and responsibilities that may detriment the Company. Refer to *Conflict of Interests Policy and Procedures* for identification, monitoring and managing conflict of interest that may give rise to risk of bribery.
- 3.2.8 Examples of Bribery includes but not limited to (refer to [ANNEX A](#) for Examples of Red Flags):
- i. Offering potential customer luxury gifts and hospitality during sales tender negotiations to gain advantage in contracts award;
 - ii. Offering small bribes to custom officers expedite goods passage through a port;
 - iii. Promising job promotion to cover-up a past business mistake;
 - iv. Accepting incentives for allowing unauthorized person to access office building;
 - v. Requesting bribe from suppliers to manipulate evaluation process by restricting or limiting invitations to other potential suppliers;
 - vi. Receiving incentives for preferential allocation of resources to expedite delivery of goods for customer;

- vii. Demanding incentives for manipulating recruitment evaluation by appointing a person who would otherwise not been selected;
- viii. Receiving bribe for disclosing confidential information of the company;
- ix. Accepting bribe for leaking contract specification to be used in a tender ahead of time, or for altering contract specification in favour of a bidder;
- x. Paying money to an official to expedite shipping permits application or to release shipment earlier than scheduled;
- xi. Providing an amount of money to access to “fast lane” at custom for passport inspection;
- xii. Paying fees to money to expedite permit, license or other official document or approval;
- xiii. Provide gifts of property or services, advertising or promotional activities endorsing a political party;
- xiv. Purchase of tickets to fundraising events to fund political campaigns;
- xv. Accept small amount of bribe for issuing two or more contracts for identical items to allow a particular supplier to appear more competitive during an open tender process;
- xvi. Requesting “commission fee” from supplier for awarding unreasonably large number of contracts below any thresholds set by company policies;
- xvii. Requesting “commission fee” from supplier for purchasing identical or similar items excessively using shopping method of purchasing;
- xviii. Requesting small fraction of invoiced amount from supplier for purchasing two or more related purchases from same supplier in amounts below any thresholds set by company policies;
- xix. Authorize inappropriate bundling of goods, works and services in return for receiving exclusive contract awarding in future;

- xx. Agree to pay an unrelated corporation a sum of money in return for fictitious invoices for alleged 'consulting fees' to secure a contract during tender bidding process;
- xxi. Agree to waive an outstanding bill for some political campaign expenses incurred in return of any business favours.

3.3 RED FLAGS

- 3.3.1 Level of potential bribery and corruption risk may vary according to nature of services performed by Third Party Associates, corruption level of the country where services are to be performed or where the company is registered, whether any involvement of Government Officials or has family member who may be Government Officials and whether any "red flags" are identified.
- 3.3.2 All Employees are responsible to communicate and report any red flags identified to Head of Department or Risk and Compliance Department. Please refer to [Annex A](#) for Examples of Red Flags.

4. KEY AREAS OF RISK

The Company recognizes that exposure to bribery and corruption risks may occur in many facets of business. However, some areas of the business may be more inherently susceptible to bribery and corruption than others.

Key areas of risk identified in this Policy should serve as guide in process of evaluating and assessing any Third-Party Associates. Refer to Third Party Risk Management Procedures for Third-Party Associates Compliance Screening.

Level of potential risks may varies according to, but not limited to, the nature of the services to be performed by Third Party Associate, corruption level of the country where the Third Party Associate and/or its holding company are registered, corruption level of the country where services are to be performed, whether Third Party Associate is required to have interactions with Government Official and whether any "red-flags" are identified.

4.1 REGIONS OR COUNTRIES

4.1.1 Whilst no countries are immune to bribery and corruption risks, some countries may have higher tendencies to corruption due to various possible reasons such as, but not limited to: -

- i. Lack of anti-bribery legislation enforcement;
- ii. Lack of business dealings transparency;
- iii. Lack of established rule of law;
- iv. Culture that tends to encourage corruption;
- v. Need to use well connected intermediaries to gain access to people in positions of power;
- vi. Prevalence of requests for “facilitation” payments to expedite processes.

4.2 HIGH VALUE AND LONG-TERM CONTRACT

4.2.1 Contracts of high value and long term may potentially be seen as an opportunity to corruption and take advantage for its potentially greater incentives as compared to contracts with lower value and/or shorter term.

4.2.2 Exposure to risk of bribery and corruption may heighten in a more complex and higher transaction value contract which usually involves many suppliers, contractors, sub-contractors or intermediaries. With more involvement of third parties, the accountability and control over expenditures may potentially loosen and hence, put the Company at stake for potential reputational damage and regulatory risk.

4.3 INTERMEDIARIES

4.3.1 Risk of potential bribery and corruption tends to widen with involvement of intermediaries in EDMl's course of business.

4.3.2 All EDMl's intermediaries when acting on behalf of EDMl, whether directly or indirectly, are required to comply with the Company's anti-bribery program.

4.3.3 Intermediaries may include but not limited to:-

- i. Distributors;
- ii. Agents such as sales, visa or advertising;

- iii. Custom agents and freight forwarders;
- iv. Contractors and sub-contractors;
- v. Lawyers;
- vi. Tax advisers;
- vii. Consultants.

4.3.4 All Employees must be able to identify red flags when engaging intermediaries that operate in:

- i. countries associated with high levels of corruption; or
- ii. close interaction with government officials or entities; or
- iii. high value and long-term contracts; or
- iv. commercial activities involving several business partners, stakeholders and/or complex contractual or corporate structures.

4.4 GOVERNMENT OFFICIALS

4.4.1 Business activities must be fair and transparent when dealing with government contracts (e.g. gaining access to opportunities to bid/tender), to minimize the exposure of bribery and corruption.

4.4.2 Interactions with government officials may include but not limited to license applications, visa and/or permit (e.g. residency, construction, shipping, etc.) applications, tax filings and payments or regulatory clearance applications.

4.4.3 All Employees must refer to *Gifts and Entertainment Policy* which includes conditions where corporate entertainment and/or gift is permitted.

5. RECORD-KEEPING

5.1 The Company requires all books, records and accounts to be kept in a reasonably detailed, accurate and fair manner to reflect all transactions and dispositions of assets. The Company strictly prohibits any false, misleading, incomplete, inaccurate or artificial entries.

5.2 All gifts, entertainment and hospitality given to customers and/or any other external parties of EDMI including but not limited to Government Officials, to be properly accounted for and properly recorded. All expense claims by

Employees relating to gifts, entertainment and hospitality must in compliance with *Gifts and Entertainment Policy*.

- 5.3 All accounts, invoice, memoranda and any other documents and records relating to external parties must be prepared, maintained and kept with strict accuracy and completeness. The Company prohibits any “off-book” transactions to prevent possibility of facilitating or concealing any improper payments. The Company should avoid the using of “Miscellaneous” account and expenses in the Company’s financial statements.

6. CONSEQUENCES OF VIOLATION

- 6.1 All employees and Third-Party Associates are key in mitigating risk of bribery and corruption and achieving an effective anti-bribery and corruption program in the Company.
- 6.2 EDMI, Employees and Third-Party Associates can be investigated by government regulators in different jurisdictions and, depending on the circumstances, prosecuted administratively, under civil law or under criminal law, which could result in severe fines and penalties, debarment and imprisonment if a violation of applicable anti-bribery and corruption laws and regulations is established.
- 6.3 Any employee found to be in violation of this policy will be subject to disciplinary action, up to and including termination of employment and handing individual to the relevant authorities, in accordance with applicable laws and company policies.
- 6.4 Any Third-Party Associates of EDMI, who are found to be in violation of this policy will be subject to termination of the business relationship as well as any other legal and remedial actions available to the EDMI under applicable laws and regulations.
- 6.5 Employees who are in dealings on behalf of the Company with any Third-Party Associates are to communicate Company’s stance on zero-tolerance approach to bribery and corruption and to comply with applicable anti-bribery and corruption laws and regulations.
- 6.6 Under Foreign Corrupt Practices Act, violation penalties are as such: -

For Individuals	For Corporations
Per Anti-Bribery Violation	
Over \$250,000 in fines and 5 years imprisonment	Over \$2 million in fines
Per Accounting Violation	
Over \$ 5 million in fines and up to 20 years imprisonment	Nearly \$26 million in fines and disgorgement of profits linked to the violation

6.7 Under UK Bribery Act, violation penalties are as such: -

For Individuals	For Corporations
Up to 10 years in prison and potentially unlimited fines	Potentially unlimited fines, forfeiture of financial gains, dismissal of responsible directors and an anti-bribery program mandate.

6.8 Under Singapore Prevention of Corruption Act, violation penalties are as such:-

Bribe relates to any persons	Bribe relates to Government, Public Body or Member of Parliament
Per Anti-Bribery Violation	
Fine not exceeding \$100,000 or imprisonment for term not exceeding 5 years or both	Fine not exceeding \$100,000 or imprisonment for term not exceeding 7 years or both
Court must also impose Fine equivalent to the amount of gratification he received, or in opinion of Court, the value of gratification	

6.9 Under Japan Penal Code and Unfair Competition Prevention Act, violation penalties are as such: -

Bribe relates to Domestic Official	Bribe relates to Foreign Official
Anti-Bribery Violation	
Imprisonment not more than 3 years or a fine of not more than ¥2.5 million	Imprisonment not more than 3 years or fine of not more than ¥3 million
Accounting Violation	
Imprisonment not more than 10 years or a fine of not more than ¥10 million yen, or both.	

6.10 Under Australia Criminal Code Act 1995, violation penalties are as such: -

For Individuals	For Corporations
Anti-Bribery Violation	
Imprisonment for not more than 10 years, a fine not more than 10,000 penalty units ¹ , or both.	Not more than the greatest of following: <ul style="list-style-type: none"> • 100,000 penalty units; • 3 times the value of the benefit; • 10% of the annual turnover of the body corporate during the period (the turnover period) of 12 months ending at the end of the month in which the conduct constituting the offence occurred

7. RAISE CONCERNS AND SEEK GUIDANCE

- 7.1 All EDM I Employees must prohibit any form of bribery act, with exception if employee’s personal safety or life is at stake, for refusing bribery act. In such event, all associated payments must be reported to Head of Department or Risk & Compliance at soonest possible with supporting documents and description of the incident.
- 7.2 All EDM I Employees must always exercise good judgement. Employees are responsible to raise concern of any possible violation or when in doubt of this Policy to their Head of Department or Risk & Compliance department. If deemed necessary, employee may escalate concern(s) of possible violation via EDM I Whistleblowing channel.

¹ Penalty unit (PU) is an amount of money used to compute monetary fines by multiplying value of one PU by number of PU prescribed for the offence. Value of PU is set annually by Australia Department of Treasury and Finance.

Whistleblowing channel as follows: -

<u>Email to:</u> whistleblowing@osakiunited.com	<u>Mail to:</u> Osaki United International Pte Ltd 47 Yishun Industrial Park A Level 4 Singapore 768724.
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8. REVIEW OF POLICY

8.1. This Policy must be reviewed by Risk and Compliance Department from time to time to ensure its continued relevance and effectiveness for EDM I's business requirements.

9. REFERENCE

- 9.1. Business Partner Code of Conduct
- 9.2. Conflict of Interest Policy and Procedure
- 9.3. Code of Professional Conduct and Business Ethics
- 9.4. Gift and Entertainment Policy
- 9.5. Compliance Questionnaire
- 9.6. Due Diligence Checklist
- 9.7. Third Party Risk Management Procedures

Annex A: EXAMPLES OF REG FLAGS

Following is a non-exhaustive list of red flags as indication of any potential bribery and corruption risks:

- i. Third Party Associate is known or believed to be a close relative or have close business or personal ties with a government official who is or entity which is in a position to make or influence official action for or against EDMI;
- ii. Third Party Associate is known or believed to be a government official in a position to influence official action for or against EDMI;
- iii. A government official in a position to make or influence official action for or against EDMI has an ownership or other financial interest in the Third Party Associate;
- iv. Third Party Associate is an entity that is majority owned or outright controlled by a government;
- v. Third Party Associate is an entity known or believed to be controlled or owned in whole or in part by a Government Official in a position to influence official action for or against EDMI;
- vi. Third Party Associate has been recommended or suggested by a government official in a position to influence official action for or against EDMI or a close relative of a Government Official;
- vii. Third Party Associate will participate in sales transactions involving governmental entities or officials;
- viii. Third Party Associate requests that his/her/its identity be kept hidden;
- ix. Third Party Associate requests that EDMI prepare false or misleading documentation;
- x. Third Party Associate has a reputation for corruption or unethical conduct;

- xi. Convictions of or charges against the Third Party Associate for violation of local or foreign laws or regulations relating to the award of government contracts are identified;
- xii. Third Party Associate shows reluctance to sign EDM I Business Partner Code of Conduct (*Refer Third Party Risk Management Procedures*);
- xiii. Third Party Associate objects to any of representations or provisions relating to anti-bribery and corruption and/or export compliance as embedded in business agreement(s) with EDM I;
- xiv. Third Party Associate objects to any questions pertaining to Third Party Associate's background in relations to anti-bribery and corruption and/or export compliance;
- xv. Higher corruption risk in country or countries in which the Third Party Associate will be performing the services;
- xvi. Heavy reliance of the Third Party Representative on political/government contacts, in contrast to knowledgeable Employees to promote EDM I's interests;
- xvii. Third Party Associate indicates that payments to third parties may occur terms which may include commissions, referral fees, facilitation payments, thank-you payments or gratuity payments;
- xviii. Third Party Associate suggests unusual economic terms, such as non-standard invoicing requests or requests that all or a portion of the commission be paid in a third party country, to a third party, or in cash or in otherwise untraceable funds;
- xix. Third Party Associate charges higher than normal fees and/or has excessive expenses or fails to document large expenses in detail;
- xx. Third Party Associate requests large upfront payments, success fees, or payments at a suspicious time (e.g., just before a decision is made);
- xxi. Third Party Associate offers vague or generic descriptions for payments or services;

- xxii. Third Party Associate has no or little interest in training or warranty support;
- xxiii. Third Party Associate has no or little interest in post-sale support;
- xxiv. Third Party Associate approaches EDMI during bidding process and ensures the success of a bid;
- xxv. Third Party Associate insists on secrecy and/or avoids using written communication;
- xxvi. Third Party Associate makes suspicious assurances such as “things will be taken care of”;
- xxvii. Third Party Associate new to the business and/or lack of qualifications to perform the services offered;
- xxviii. Third Party Associate unwilling to explain how a valuable and necessary license or approval was obtained;
- xxix. Third Party Associate is not properly licensed to do business under local law;
- xxx. It is not clear what services, if any, the Third Party Associate will provide;
- xxxi. Unsupported conclusions in recommendations to create a project, to decide specifications, or to shortlist or award a contract;
- xxxii. Large difference between initial contract amount during bidding award and actual contract closure amount;
- xxxiii. Third Party Associate request for an overpriced contracts award or provides substandard goods and/or services;
- xxxiv. Unusual similarities amongst bidders, large proportion of identical unit prices for same item included in bids submitted by different bidders or unusually large last-minute discounts;
- xxxv. Bidding process appears repeatedly skewed towards same Third Party Associate or same bidder loses repeatedly;

- xxxvi. Unusual and/or unjustified frequent and/or drastic unplanned changes in contract terms and/or value;
- xxxvii. Seemingly inflated agent, broker or any middleman fees during bid preparation or contract negotiations; and
- xxxviii. Multiple contracts below procurement thresholds.