



**QSR BRANDS (M) HOLDINGS BERHAD**

(939235-W)

# **Anti-Fraud, Bribery & Corruption Policy**



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## 1.0 INTRODUCTION

### 1.1 QSR'S ANTI-FRAUD, BRIBERY & CORRUPTION COMMITMENT

1.1.1 QSR Brands (M) Holdings Bhd (“**QSR**”) and its subsidiaries (the “**Group**”) are committed to conducting its businesses in an honest and ethical manner. The Group adopts a zero-tolerance approach to any form of fraud, bribery or corruption, whether direct or indirect, by or on behalf of its employees, Directors, agents, consultants, or any other persons or companies acting for or on behalf of the Group.

1.1.2 The Anti-Fraud, Bribery & Corruption Policy (“**Policy**”) has been designed to align with the requirements set out in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“**MACC Act 2018**”). Section 17(A)(3) of the MACC Act 2018 states that where an offence under the Section is committed by a commercial organisation, the director, controller, officer, partner and persons managing its affairs at the time of commission of the offence is deemed to have committed the offence of failing to prevent corruption. These individuals will then need to prove that the offence was committed without his consent or connivance and that he exercised due diligence to prevent the commission of the offence.

Therefore, having a clear and unambiguous policy statement on the Group’s position regarding fraud, bribery and corruption and following the Adequate Procedures of T.R.U.S.T forms the cornerstone of an effective integrity management system. The Policy should thus be read in conjunction with the MACC Act 2018 as well as the Group’s various policies & guidelines. If multiple documents discussed on the same subject, then the more stringent provision always applies.

1.1.3 Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. The organization can be exposed to:-

- a) Internal Fraud, perpetrated by employees of the organization;
- b) External Fraud, perpetrated by individuals outside the organization; and

- c) Collusion, perpetuated by individual within the organization and outsiders.

It is generally taken to involve theft, the removal of cash or asset to which the fraudster is not entitled to or false accounting, the falsification or alteration of accounting records, transaction records, computer records and other documents.

- 1.1.4 Bribery is an act of offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.

- 1.1.5 Corruption is a form of misuse of entrusted power by a person with a position of authority to achieve any direct or indirect business or personal gain or advantage for themselves or others.

**Note: The above act (under Clauses 1.1.3, 1.1.4 and 1.1.5) would be considered an offence under the Malaysian Anti-Corruption Commission (Amendment) Act 2018**

- 1.1.6 QSR is subject to risks associated to fraud, bribery and corruption. These risks will be incorporated in QSR Operational Risk Management Framework.

Therefore, there is a need that these risks are assessed for each area and process of business in QSR based on the following:-

- a) Internal stakeholders i.e. employees within the organization; and  
b) External stakeholders i.e. vendors, suppliers or any other 3rd parties engaging with QSR.

## 1.2 OBJECTIVE, PURPOSE AND PRINCIPLES

- 1.2.1 This Policy sets out QSR's overall position on fraud, bribery and corruption in all its forms, providing guidance to employees concerning on how to deal with

improper solicitation, fraudster, bribery and other corrupt activities and issues that may arise in the course of business.

1.2.2 The purpose of this Policy is to assist QSR to perform a sound fraud, bribery and corruption risk management and prevention approach and process which involves risks assessment, analysis, treatment, monitoring and reporting in a structured, systematic and consistent manner.

1.2.3 This policy is in line with Prime Minister's Department issuance of the Guidelines on Adequate Procedures pursuant to section 17A (5) of the MACC Act 2018 on 10 December 2018. By following the Guidelines on Adequate Procedures, QSR can raise it as defence against corporate liability. An organization can be liable to a fine of not less than ten (10) times the value of the gratification in question or RM1 million or imprisonment of not more than twenty (20) years or both, if convicted.

The Guidelines on Adequate Procedures outline five guiding principles of T.R.U.S.T.:-

- a) Top Level Commitment or Governance;
- b) Risk Assessment;
- c) Undertake Control Measures or Prevention and Detection;
- d) Systematic Review, Monitoring and Enforcement or Reporting, Investigation and Corrective Plan; and
- e) Training and Communication.

1.2.4 The Policy is guided by the above five principles:-

- a) *Top Level Commitment or Governance*
  - i) Management's commitment towards ethical value is supported by our guiding principal i.e. Can Do Attitude, Honesty, Accountability, Respect and Teamwork.
  - ii) As part of an organization's governance structure, an anti-fraud, bribery and corruption policy should be in place to convey the

expectations of the board of directors, its delegated committees and senior management in managing fraud, bribery and corruption risks.

*b) Risk Assessment*

Fraud, bribery and corruption risk exposure should be assessed periodically by the organization to identify specific potential schemes and events that the organization need to address including to mitigate or prevent the risk.

*c) Undertake Control Measures or Prevention and Detection*

Prevention techniques to avoid potential fraud, bribery and corruption risk events should be established, where feasible, to mitigate possible impact to the organization. Notwithstanding this, detection techniques should be established to uncover fraud, bribery and corruption events when preventive measures fail or such unmitigated risks are realized.

*d) Systematic Review, Monitoring and Enforcement or Reporting, Investigation and Corrective Action*

A coordinated approach to reporting investigation and corrective action should be used to help ensure potential fraud, bribery and corruption is addressed appropriately in a timely manner.

On-going evaluation should be selected, developed, and performed to ascertain whether the prevention and detection measures are present and functioning and deficiencies discovered/identified are communicated in a timely manner to parties responsible to address the same, including senior management and the board of directors

*e) Training and Communication*

Refer to Section 1.4 and 4.0 for further information on training and communication.

### 1.3 SCOPE

#### 1.3.1 This policy is applicable to:-

- a) All personnel of QSR and its subsidiaries, including the Board of Directors and its employees;
- b) QSR's business associates which include agents, consultants, suppliers, contractors, representatives or other intermediaries who acting for or on behalf of the Group; and
- c) All parties engaging with QSR, including parties that are currently engaged with QSR or have intentions to engage with QSR in the future.

#### 1.3.2 The Policy is not intended:-

- a) to be exhaustive, and there may be additional obligations that QSR's personnel, including the Directors and employees, are expected to adhere to or comply with when performing their duties. For all intents and purposes, the personnel shall always observe and ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties; and
- b) to replace other controls or risk related processes or approaches QSR has implemented to manage fraud, bribery and corruption risks. For implementation purposes, the Policy should be read together and where applicable, be used as part of other documents which has already been established, such as:-
  - (i) Enterprise Risk Management Framework;
  - (ii) Code of Conduct & Ethics;
  - (iii) Whistle Blowing Policy;
  - (iv) Gift and Hospitality Policy;
  - (v) Sponsorship and Donations Policy;

- (vi) Assets Declaration Policy; and
- (vii) Conflict of interest Policy.

## **1.4 COMMUNICATION**

1.4.1 Communication of the Policy is critical in achieving its objectives and it should be made available to all employees of QSR by way of:-

- a) Placing the Policy in the internal portal; and
- b) Training and awareness program such as the MACC Act 2018 training awareness program.

## **1.5 REVIEW, UPDATES AND MAINTENANCE**

1.5.1 The Policy is maintained for review by Group Risk Management Unit (“**GRMU**”). GRMU will review the Policy periodically to determine its effectiveness, including the effectiveness to address potential fraud, bribery and corruption risks. If applicable, GRMU and Integrity and Governance Unit will update the Policy based on the outcome of the review.

## **2.0 QSR RELATED STATEMENTS**

### **2.1 FACILITATION PAYMENT**

2.1.1 QSR prohibits any offering, requesting, receiving, giving or promising of facilitation payments in its business. Facilitation payment is a payment or other provision made personally to an individual in control of a process or decision to secure or expedite the performance of a routine or administrative duty or function.

2.1.2 Therefore, all QSR’s employees must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. The reason underlying this prohibition is that facilitation payment is seen as a form of bribery and corruption.

2.1.3 Personnel shall decline to make the payment and report to Corporate Governance and Business Eco-system (“**CGBE**”) immediately when they encounter any requests for a facilitation payment. In addition, if a payment has been made and personnel are unsure of the nature, CGBE must be notified immediately, and the payment recorded transparently.

2.1.4 However, in a dangerous situation where an employee’s life or liberty is at stake, it is permitted to make the payments. The employee must immediately report to CGBE to record the details.

## **2.2 MONEY LAUNDERING**

2.2.1 QSR strongly objects to practices related to money laundering, including dealing in the proceeds of criminal activities. Money laundering is a very serious crime and the laws governing this type of crime can have extra territorial effect, i.e. the application of the law is extended beyond local borders. The penalties for breaching anti-money laundering legislation are severe and can include extradition and incarceration in foreign jurisdictions.

2.2.2 To avoid violating anti-money laundering laws, QSR’s employees are responsible to conduct due diligence to ensure that business dealings or transactions with prospective business associates are commenced for legitimate business purposes and using legitimate funds.

## **2.3 RECRUITMENT OF EMPLOYEES**

2.3.1 QSR, being a diversified business entity, provides equal opportunity for any qualified and competent individual to be employed by the company.

2.3.2 The recruitment of employees should be based on approved selection criteria to ensure that only the most qualified and suitable individuals are employed.

2.3.3 In line with this, a background check should be conducted in order to ensure that the critical job positions have not been convicted in any bribery or corruption cases nationally or internationally.

### 3.0 THE FIVE PRINCIPLES

The Policy pillars are supported by these five principles:-

Top Level Commitment/ Governance	Risk Assessment	Undertake Control Measures	Systematic review, monitoring & Enforcement	Training and Communication
<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Risk Management Committee</li> <li>• Audit Committee</li> <li>• Management</li> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Identification</li> <li>• Risk Analysis</li> <li>• Risk Mitigate</li> <li>• Risk Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-Employment Screening</li> <li>• Training &amp; Awareness</li> <li>• Payroll, Claims and Overtime</li> <li>• Limit of Authorities</li> <li>• Procurement Controls</li> <li>• Accounting Controls</li> <li>• Assest Declaration</li> <li>• Whistle Blowing Policy</li> <li>• Audit Function</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting /Allegation</li> <li>• Conducting Investigation</li> <li>• Results</li> <li>• Corrective actions</li> <li>• Monitoring Preventive Controls</li> <li>• Monitoring Detection</li> </ul>	<ul style="list-style-type: none"> <li>• Continous training to all staff</li> <li>• Internal portal as a common communication platform to all staff</li> </ul>

Figure 2: Five pillars of Anti-Fraud, Bribery & Corruption

### 3.1 TOP LEVEL COMMITMENT/GOVERNANCE ROLES & RESPONSIBILITIES

#### **Board of Directors**

The Board has the responsibility to ensure that management designs effective documents related to fraud, bribery and corruption to encourage and empower ethical behaviour amongst its employees.

The Board through its relevant Board Committees, should:-

- a) Maintain oversight of the fraud, bribery and corruption risk assessment by ensuring that the risks associated are being considered as part of the organization’s risk assessment;
- b) Oversee the internal controls to manage fraud, bribery and corruption risks, to ensure that these are effectively established by management; and

- c) Ensure the organization has sufficient resources to enable the organization to achieve its fraud, bribery and corruption risk management objectives.

***Audit Committee***

The Audit Committee is responsible to assist the Board of Directors in:-

- a) fulfilling its oversight responsibilities for the financial reporting process, system of internal control and audit process;
- b) ensuring the adequacy of controls in the processes and procedures undertaken in accordance with applicable laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- c) overseeing the implementation and monitoring the effectiveness of the Whistleblower Policy and Procedures; and
- d) reporting to the Board of Directors any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

***Risk Management Committee***

The Risk Management Committee is responsible to assist the Board of Directors to:-

- a) Oversee the risk management matters of the organization, which include identifying, managing, monitoring, treating and mitigating significant risks across the organization;
- b) Review and recommend the principles, frameworks and policies for managing risks within the Group, for consideration and approval by the Board; and
- c) Review and approve the procedures and guidelines for managing risks within the Group.

***Management & Employees***

All QSR personnel (including its Directors and employees of its subsidiaries) are required to carry out those responsibilities and obligations relating to the Group's anti-fraud, bribery and corruption stance, alongside those already in existence, which includes the following:-

- a) Be familiar with applicable requirements and directives of the Policy and communicate them to subordinates, business associates and any other engaging parties;
- b) Promptly record all transactions and payments in QSR's books and records accurately and with reasonable detail;
- c) Refer to CGBE if any questions about this Policy arise or if there is a lack of clarity about the required action in a particular situation;
- d) Always raise suspicious transactions and other "red flags" (indicators of bribery or corruption) to immediate superiors for guidance on the next course of action;
- e) Be alert to indications or evidence of possible violations of this Policy;
- f) Promptly report violations or suspected violations through appropriate channels;
- g) Attend anti-bribery and corruption training as required according to position; and
- h) Not misuse their position or QSR's name for personal advantage.

When dealing with business associates or any other third parties, all QSR personnel shall not:-

- a) Express unexplained or unjustifiable preference for certain parties;
- b) Make any attempt at dishonestly influencing their decisions by offering, promising or conferring advantage;

- c) Exert improper influence to obtain benefits from them; and
- d) Directly or indirectly offer or make promise or corrupt payments, in cash or in kind for a specific favor or improper advantage from them.

During an active or anticipated procurement or tender exercise, personnel participating in the exercise in any way whatsoever, shall not:-

- a) Receive gifts or hospitality or any kind of benefit from any external party participating, planning to participate, or expected to participate, in the procurement or tender exercise;
- b) Provide anything other than a corporate gift to any external/third party related to the exercise;
- c) Be involved in any discussions regarding business or employment opportunities, for personal benefit or for the benefit of a business associate;
- d) Abuse the decision-making and other delegated powers given by the top management; and
- e) Bypass normal procurement or tender process and procedure.

Summary of roles and responsibilities are in Appendix 1 of this Policy.

### **3.2 RISK ASSESSMENT**

Risk exposure on fraud, bribery and corruption should be assessed periodically by the organization.

- a) Risk Identification

Information gathering on the list of fraud, bribery and corruption that is relevant to the organization. The process must consider all types of schemes, scenarios, incentives, and opportunities to commit fraud, bribery and corruption within the organization.

GRMU engagement with the relevant individuals with expertise on their areas but not limited to:-

- (i) Business operation personnel which consists of Group, upstream and downstream, to leverage their knowledge on the business, customer, suppliers and vendors interactions;
- (ii) Finance/Accounting personnel which consists of Group, upstream and downstream, who are familiar with the financial reporting and internal process;
- (iii) Digital personnel, who are familiar with IT security areas, which are likely to be targeted;
- (iv) Procurement personnel of Group, upstream and downstream, to leverage where fraud, bribery or corruption could happen in the area of tender or procurement;
- (v) Group People Management, Compliance and Legal personnel who would provide advice on potential criminal, civil, and regulatory liability if the fraud, bribery or corruption were to occur;
- (vi) Internal audit personnel, who will be familiar the organization's internal controls and monitoring functions; and
- (vii) External consultants may be consulted with expertise in applicable standards, key risk indicators, anti-fraud, bribery and corruption methodology, control activities, and detection procedures, if the necessary expertise is not available internally.

b) Risk Analysis

GRMU should assess via the risk matrix on the likelihood and consequences of identified fraud, bribery and corruption risks based on historical information, known cases via interviewing session with staff and business process owner. The

analysis via brainstorming activities with divisional units on the risk areas via scenarios planning, incentives and opportunities to commit the act of fraud, bribery and corruption.

c) Risk Mitigation

GRMU should assess what the response should be to address the identified risks and evaluate which the organization wants to implement as preventive and/ or detective control and procedures.

d) Risk Monitoring

GRMU must continue monitoring on areas which experience control deficiencies and areas that appear resistant to control suggestions. Overall control environment is key in the monitoring process.

### **3.3 UNDERTAKE CONTROL MEASURES/PREVENTION & DETECTION**

a) Prevention

Preventive techniques are key in mitigating the occurrence of fraud, bribery and corruption risks. It encompasses internal controls, policies & procedures, training and communication such as pre-employment screening, training & awareness program, regular checks on payroll transactions, claims reimbursement & overtime payment, limit of authorities, procurement & accounting controls and assets declaration.

b) Detection

Detection involves activities and programs designed to identify fraud, bribery or corruption that is occurring or has occurred such as whistle blowing policy and audit function where internal audit should consider incorporating fraud and corruption audit arrangements as part of its audit coverage and assignment scopes.

### 3.4 **SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT/REPORTING, INVESTIGATION AND CORRECTIVE ACTION**

The organization should have a proper structure in place in reporting, investigation and corrective action approach to respond to any allegation or suspected incident of fraud, bribery or corruption and ensure they are addressed appropriately and in a timely manner.

#### a) Reporting

Personnel who, in the course of their activities relating to their employment at QSR, encounter actual or suspected violations of this Policy are required to report their concerns via reporting channels stated in QSR Whistleblowing Policy.

Reports made in good faith, either anonymously or otherwise, shall be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation.

Retaliation in any form against QSR personnel where the person has, in good faith, reported a violation or possible violation of this Policy is strictly prohibited. Any QSR personnel found to have deliberately acted against the interests of a person who has in good reported a violation or possible violation of this Policy shall be subjected to disciplinary proceedings or other actions.

#### b) Investigation

(i) Internal audit will conduct an investigation once an allegation or incident of fraud, bribery or corruption is received or reported;

(ii) The investigation will document all relevant facts, including persons involved, times and dates.

(iii) The identity of a person filing a report will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order.

c) Investigation Results

Internal Audit will issue an investigation report stating the conclusion and recommendations including improvements to controls and processes to the Managing Director, and if appropriate to the Board of Directors through Audit Committee.

d) Corrective Action

Group People Management Office (“GPMO”) will take the necessary action in accordance with the organization’s disciplinary procedures against the employees.

The Managing Director will decide if the matter require prosecution to the relevant law enforcement and/to regulatory agencies for independent investigation. An Ethics Committee which is independent can be formed to assist the Managing Director in the deliberation and decision-making process.

For external parties, violations of the Policy may lead to penalties including termination of contract. Further legal action may also be taken in the event that our interests have been affected as a consequence of non-compliance by any individuals or organizations.

e) Monitoring

Continuous monitoring for any prevention and detection control deficiencies or weaknesses in managing fraud and corruption risks is critical.

### **3.5 TRAINING AND COMMUNICATION**

Refer to Section 1.4 and 4.0 for details.

#### **4.0 TRAINING AND AWARENESS**

- 4.1 QSR shall continuously conduct training awareness programme for all its personnel in the Group regarding anti-fraud, bribery, corruption, ethics and compliance to promote a culture of integrity within the Group.
- 4.2 Business associates such as contractors, agents, consultant, suppliers, representatives and other intermediaries shall also undergo appropriate training and/or awareness session to inform them on the Group's policy pertaining the bribery or corruption.

#### **5.0 STAFF DECLARATION**

- 5.1 All QSR personnel shall acknowledge to have read, understood and accepted each of the statement in this Policy via digital confirmation through the internal portal. A list of employees' digital declaration shall be documented and retained by the GPMO for the duration of the personnel's employment.
- 5.2 CGBE reserves the right to request information regarding an employee's assets in the event that the person is implicated in any bribery-related accusation or incident.

**APPENDIX 1: SUMMARY OF ROLES AND RESPONSIBILITES**

CATEGORY	ROLES & RESPONSIBILITES
Employee	<ul style="list-style-type: none"> <li>i) Perform their roles with integrity;</li> <li>ii) Report any instances of suspected fraud, bribery and corruption; and</li> <li>iii) Attend compulsory training and awareness program</li> </ul>
Divisions/Departments	<ul style="list-style-type: none"> <li>i) Identify fraud, bribery and corruption risks in their business unit and include them in their risk profile;</li> <li>ii) Operationalize fraud, bribery and corruption controls in their business unit; and</li> <li>iii) Report any detection of risk indicators breaches or unusual transactions to GRMU.</li> </ul>
Group People Management Office	<ul style="list-style-type: none"> <li>i) Take the necessary action in accordance with the organization's disciplinary procedures.</li> </ul>
Group Risk Management Department	<ul style="list-style-type: none"> <li>i) Monitor the implementation of effective fraud, bribery and corruption risk management policy;</li> <li>ii) Provide independent challenges on the outcome of the fraud, bribery and corruption risk management policies; and</li> <li>iii) Develop and maintain policies and guidelines associated with fraud, bribery and corruption risk management.</li> </ul>
Risk Management Committee	<p>Assist the Board to fulfil its responsibilities for governance and management of fraud, bribery and corruption risk of Bursa Malaysia.</p>
Audit Committee	<p>Assist the Board to fulfil its responsibilities to ensure the adequacy of controls and procedures taken and reporting to the Board of any suspected frauds or irregularities and serious internal deficiencies.</p>
Internal Audit	<ul style="list-style-type: none"> <li>i) Conduct an investigation once an allegation of fraud, bribery or corruption has been reported; and</li> <li>ii) To consider QSR's fraud, bribery and corruption controls and arrangements as part of its audit coverage and assignments scope.</li> </ul>



CATEGORY	ROLES & RESPONSIBILITES
Compliance	<ul style="list-style-type: none"><li>i) Monitor the compliance with the relevant laws, regulations, internal policies and procedures pertaining to fraud, bribery and corruption; and</li><li>ii) Review the adequacy of controls embedded in QSR's internal policies and procedures to prevent the risk of fraud, bribery and corruption.</li></ul>