

Fraud, Bribery & Corruption Risk Management Policy

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SECTION I: INTRODUCTION

1. BACKGROUND

- 1.1 CapitaLand (“CL”) embraces a strong stance against fraud, bribery and corruption and sets appropriate standards in managing fraud, bribery and corruption risks.

2. DEFINITION OF FRAUD, BRIBERY AND CORRUPTION

- 2.1 Fraud¹ is the use of deception with intention of obtaining an advantage or avoiding an obligation or causing loss to another party. Fraud can be perpetuated by employees, third parties or a collusion between employees and third parties.

- 2.2 Broadly, there are three types of fraud:

- a. Asset Misappropriation
- b. Financial Statement Fraud
- c. Bribery & Corruption

3. LAWS & REGULATIONS

- 3.1 **Directors and employees are required to comply with all the applicable laws and regulations in countries in which CL operates, as well as those that apply across borders. In Malaysia, directors and employees are required to comply with the Malaysian Anti-Corruption Act 2010, amongst others. (see Annex A)**

¹ Definition of Fraud, Asset Misappropriation, Fraudulent Statement Fraud, Corruption and Bribery are adopted from Association of Certified Fraud Examiners (“ACFE”) and ISO37001 standards. The definition of these terms may vary across jurisdictions.

SECTION II: FRAUD, BRIBERY AND CORRUPTION RISK MANAGEMENT FRAMEWORK

4. FRAUD, BRIBERY AND CORRUPTION RISK MANAGEMENT FRAMEWORK

CL approaches the management of FBC risks in an integrated, systematic and consistent manner. Its key objectives are to:

- a. Avoid or mitigate costs associated with FBC;
- b. Enhance CL’s reputation; and
- c. Facilitate compliance with the applicable laws and regulations.

It is not possible to completely eliminate the risk of FBC and no FBC Risk Management Framework or programme will be capable of preventing and detecting all FBC.

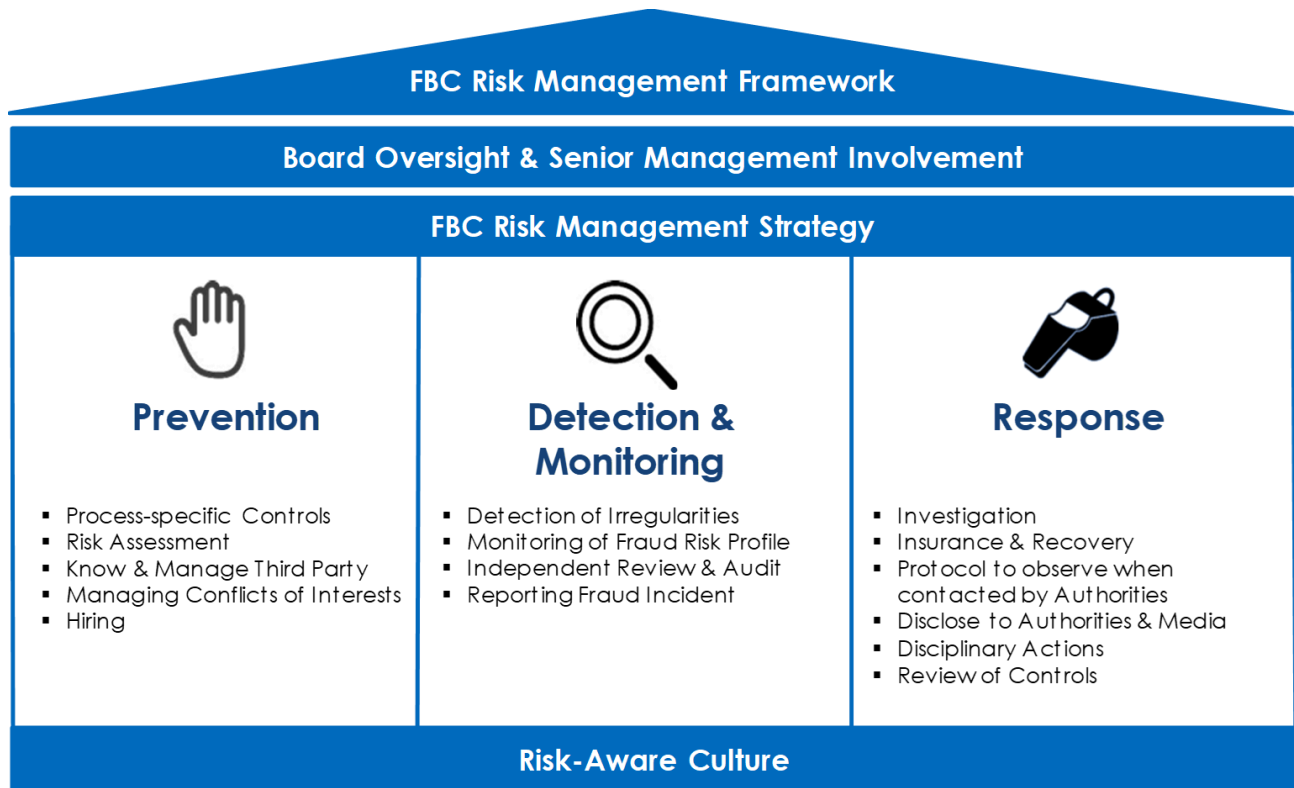


Diagram 1: CapitaLand’s Fraud, Bribery and Corruption Risk Management Framework

4.1 BOARD OVERSIGHT & SENIOR MANAGEMENT INVOLVEMENT

- A. CL and its Board of Directors (“Board”) adopt a zero-tolerance stance towards FBC and expect all employees to be committed to the highest standards of integrity.
- B. The Board and Senior Management also expect all employees to conduct business according to the highest standards of integrity and ethics, and to comply with all applicable laws and regulations

4.2 FRAUD, BRIBERY AND CORRUPTION RISK MANAGEMENT STRATEGY

4.2.1 CL’s FBC Risk Management Strategy encompasses three components: Prevention, Detection and Monitoring, and Response. They are interlinked and work together to create strong deterrence against FBC.

- a. Prevention – FBC prevention methods typically reduce opportunity and limit the ability for fraudsters to perpetuate FBC. Among the prevention methods to minimise the occurrence of FBC are simplified below:
 - i) perform regular risk assessment;
 - ii) exercise due diligence when dealing with third parties; and
 - iii) manage conflict of interests.
- b. Detection and Monitoring – Besides uncovering FBC incidents, detective methods also serve to deter potential fraudsters from committing FBC. Some of the methods include:
 - i) observe and detect irregularities in business processes by paying attention to red flags, regular reviews and monitoring, etc.;
 - ii) independent review and audit; and
 - iii) report actual and suspected FBC incidents to immediate supervisors, HODs or via the Whistle-Blowing Channel.
- c. Response – This consists of processes for the purpose of responding to FBC incidents, which include and are not limited to:
 - i) investigate actual and suspected FBC incidents by an independent Investigating Committee;
 - ii) Disciplinary and/or legal action will be taken against employees who perpetrate any FBC and/or are found to be in non-compliance with CL’s policy against FBC; and
 - iii) take appropriate actions to strengthen the existing procedures or to facilitate the recovery of losses.

4.3 CULTURE AND PEOPLE

4.3.1 An embedded ‘risk-aware’ culture, underpinned by CL’s organisational culture, values and practices, sets the foundation for effective management of FBC risks. Such culture, values and practices include and not limited to:

- a. ‘Tone at the top’ set by the Board and Senior Management;

- b. CL's core values which require employees to uphold the highest standard of integrity and have courage to do the right thing;
- c. Ethics and Code of Business Conduct Policies; and
- d. Learning and Development activities to inculcate core values, CapitaDNA and to enhance employees' core competencies.

4.3.2 **Managing FBC is the personal responsibility of all directors and employees at CL.** They must uphold CL's CapitaDNA (including core values), perform their duties and responsibilities with the highest standards of integrity and comply with all applicable laws and regulations. They need to have the courage to do the right thing and raise issues that does not seem right.

SECTION III: POLICY AGAINST FRAUD, BRIBERY AND CORRUPTION

5. POLICY AGAINST ALL FORMS OF FRAUD, BRIBERY AND CORRUPTION

- 5.1 **CL, its directors and employees are fully committed to conducting business with the highest ethical standards and integrity, and in compliance with all applicable laws and regulatory requirements.**
- 5.2 It is CL's policy to adopt a 'zero-tolerance' approach against all forms of FBC. To this end, CL, its directors and employees will not engage or attempt to engage in any form of FBC either directly or indirectly.
- 5.3 CL's directors and employees are expected **to act with honesty and integrity** at all times in their course of work or duties.
- 5.4 CL is committed to ensuring that **no director or employee suffers any detrimental or retaliatory actions as a result of refusing to take part in any FBC.**

6. STRICT PROHIBITION AGAINST ALL FORMS OF BRIBERY AND CORRUPTION

- 6.1 CL's directors and employees **are strictly prohibited from participating in any acts of bribery and corruption** which includes, directly or indirectly:
 - a. Offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial) as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties;
 - b. Aiding, abetting, attempting or conspiring to commit any acts of bribery or corruption.
- 6.2 Through Intermediaries and Third Parties
 - 6.2.1 **CL prohibits all forms of corrupt payments that are made through any intermediaries, including third parties acting on behalf of CL.**
 - 6.2.2 ABC laws such as the PCA, FCPA and UKBA, have explicitly stated that corrupt payments through intermediaries are illegal; and any such payments will implicate CL and lead to corporate liability. Such liabilities may also apply to cases whereby offenders purposefully avoid actual knowledge of the corrupt act (i.e. "wilful blindness" or "deliberate ignorance").
- 6.3 Facilitation Payments
 - 6.3.1 Facilitation payments generally refer to payments made directly or indirectly to public or government officials to secure or expedite the performance of a routine or necessary governmental action to which the payer believes he is legally entitled.
 - 6.3.2 While facilitation payments may not be prohibited in certain countries and in fact may be customary, making facilitation payments is illegal under the laws of Singapore and many other countries in which CL operates. Everyone involved in CL's business must comply with the relevant laws of the countries where CL operates, as well as those that apply across borders.

No employee may himself/herself or through any third party initiate or make any facilitation payments for and/or on behalf of CL.

6.3.3 Any payment made by an employee who genuinely believes his life, limb or liberty would be at risk if such payment was not made is not a facilitation payment. However, such payment must be reported.

6.4 Gifts, Hospitality, Donations and Similar Benefits

6.4.1 CL prohibits the giving and accepting of gifts and hospitality unless in compliance with CL's Corporate Gifts and Concessionary Offers Policy, which provides guidance over the provision or receipt of business courtesies such as gifts, hospitality and entertainment.

6.4.2 All charitable donations are made through CapitaLand Hope Foundation ("**CHF**") in accordance with its constitution, which is publicly available. CHF, the philanthropic arm of CL, is a registered charity in Singapore with an objective of furthering its community development commitment to "Building People. Building Communities".

6.4.3 CL is also committed to be a good corporate citizen in the communities it operates. Through sponsorships and donations, CL participates in charitable, community and social events such as President's Challenge, CapitaLand Young Architect Programme, My Schoolbag that are organised by, or held in collaboration with independent third parties.

6.4.4 CL does not make any donation to any political donation recipients.

7. CONSEQUENCES FOR NON-COMPLIANCE

7.1 Besides potential criminal and civil liabilities involving fines and/or imprisonment, **disciplinary and/or legal action will be taken against employees who perpetrate any FBC and/or are found to be in non-compliance with CL's policy against FBC.** Such FBC or non-compliance could also expose CL to criminal or civil liabilities and reputational damage.

7.2 **Disciplinary actions could also be taken against employees who have knowledge of such violations but conceal it from CL, or who take detrimental or retaliatory actions against other employees who report such non-compliance.**

ANNEX A: SUMMARY OF MALAYSIA'S ANTI-CORRUPTION LAWS (AS AMENDED FROM TIME TO TIME)

- a. The Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”), which has extra territorial effect, is the primary legislation on anti-corruption in Malaysia. The other relevant laws and guidelines include the Penal Code, the Public Officers (Conduct and Discipline) Regulations 1993 and the Guidelines on Giving and Accepting Gifts in the Civil Service.
- b. The MACC Act does not make a distinction between private sector bribery and bribery of public officials. The provisions dealing with the offence of accepting gratification and giving and accepting gratification by agent has general application and so they apply to any person regardless of whether the bribery was between two private individuals or whether a public officer was involved. There are, however, also separate offences under the MACC Act dealing with bribery of public officials, both domestic and foreign.
- c. Further, Section 17A (1) of the Malaysian Anti-Corruption Commission Act (Amendment) Act 2018, makes a commercial organisation² liable for an offence committed under the MACC by a person associated³ with it. Any commercial organization who commits an offence under Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) Act 2018, will on conviction be liable to a fine of not less than ten times the sum or value of the gratification, where such gratification is capable of being valued or is of pecuniary nature or one million ringgit, whichever is the higher or to imprisonment for a term not exceeding twenty years or to both. It is a defence to prosecution under Section 17A(3) of the Malaysian Anti-Corruption Commission Act (Amendment) Act 2018, that where a commercial organization commits an offence, a person who is (a) a director, controller, officer or partner; or (b) who is concerned in the management of its affairs, at the time of the commission of the offence, proves that the offence was committed without his consent or connivance and that he had exercised due diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his function in that capacity and to the circumstances. In addition, in Section 17A(4), it is a defence if the commercial organization proves that it had in place adequate procedures to prevent its the persons associated with the commercial organisation from undertaking the conduct in question.
- d. Under Section 24(1) of MACC, any person who commits an offence under Sections 16, 17, 21, 22 and 23 of the MACC Act will on conviction be liable to imprisonment and a fine.⁴

² The term “commercial organization” under the Malaysian Anti-Corruption Commission Act (Amendment) Act 2018 means “(a) a company incorporated under the Companies Act 2016 [Act 777] and carries on a business in Malaysia or elsewhere; (b) a company wherever incorporated and carries on a business or part of a business in Malaysia; (c) a partnership – (i) under the Partnership Act 1961 [Act 135] and carries on a business in Malaysia or elsewhere; or (ii) which is a limited liability partnership registered under the Limited Liability Partnerships Act 2002 [Act 743] and carries on a business in Malaysia or elsewhere; or (d) a partnership wherever formed and carries on a business or part of a business in Malaysia.

³ The term “person associated with a commercial organization” under Section 17A (6) Malaysian Anti-Corruption Commission Act (Amendment) Act 2018 is a director, partner or an employee of the commercial organization or he is a person who performs services for and on behalf of the commercial organization.

⁴ Imprisonment for a term not exceeding 20 years and a fine of not less than five times the sum or value of the gratification which is the subject matter of the offence, where such gratification is capable of being valued or is of a pecuniary nature, or RM10,000, whichever is the higher.

- e. Under Section 24(2) of MACC, any person who commits an offence under Section 18 of the MACC Act will on conviction be liable to a fine⁵.

⁵ Fine of not less than five times the sum or value of the false or erroneous or defective material particular, where such false or erroneous or defective material particular is capable of being valued, or of a pecuniary nature, or RM10,000, whichever is the higher.