



PROCUREMENT ETHICS

Rules & Practices

CONTENTS

1. PREFACE	1
2. PRINCIPLES OF PROCUREMENT ETHICS	2
3. ZERO TOLERANCE ON CORRUPTION	3
4. TRANSPARENT CONFLICTS OF INTEREST	7
5. HONEST REPRESENTATION OF CAPABILITIES	9
6. COMPLIANCE TO THE PROCUREMENT ETHICS	10

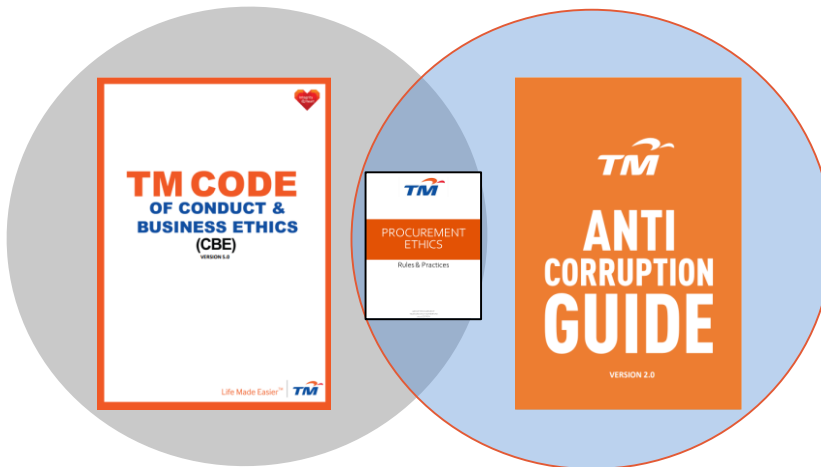
PREFACE

Procurement Ethics - Rules and Practices

outlines the principles, addresses the fundamentals of the Code of Conduct and Business Ethics (CBE) in TM procurement activities, and extends its reach to all subsidiaries and associate companies in all countries in which TM operates. It explains the procurement practices that strive toward a zero-tolerance approach to all forms of corruption as detailed in the Anti-Corruption Guide (ACG).

TM Organisational Anti-Corruption Plan (OACP) Framework

TM Code of Conduct and Business Ethics provides guidance in resolving any business, legal and ethical issues that one may encounter in conducting business and standards of behaviour expected of the Board of Directors, Management, Employees, and all Business Partners of TM Group in line with TM's vision, mission, and core values.



TM Anti Corruption Guide is prepared for TM Board of Directors, Management, Employees, Business Partners, and others acting on behalf of TM to cultivate TM Group's core values and expectations, as well as provide the guidelines and processes that relate to corruption case handling in TM.

TM Organisational Anti-Corruption Plan (OACP)

The TM OACP is positioned to strengthen controls and monitoring of Corruption, Integrity and Governance risks as well as a guide towards compliance with Section 17A of MACC Act 2009.

PRINCIPLES OF PROCUREMENT ETHICS

Whilst the eight principles of Procurement Ethics provide high-level guidance on expected behavior, Procurement Ethics focuses on three key principles of ethical conduct

**Zero tolerance on
corruption**

**Transparent conflicts
of interest**

**Honest representation
of capabilities**

Key Principles of the Procurement Ethics

1	Act honestly and fairly	Parties will conduct all procurement and business relationships with honesty and fairness.
2	Maintain accountability and transparency	The process for awarding contracts will be transparent and accountable.
3	Avoid conflicts of interest	A party with a potential conflict of interest will immediately declare and address that interest upon the conflict is being known to that party.
4	Abide by the rule of law	Parties shall comply with all relevant laws, rules, and regulations.
5	Avoid anti-competitive practices	Parties shall not engage in the anti-competitive practices.
6	Avoid seeking unfair advantage	Parties shall not engage in practices that aim to give a party an improper advantage over another.
7	Commit to proceed	Parties shall not seek or submit for procurement proposal without a firm intention and capability to fulfill its purpose.
8	Encourage co-operation	Parties will maintain business relationships based on open and effective communication, respect, and trust and adopt a non-adversarial approach to dispute resolution.

ZERO TOLERANCE ON CORRUPTION

In alignment with TM's commitment to conduct an open, honest and ethical procurement manner, TM is adopting a zero-tolerance approach to all forms of corruption.

All TM employees and Business Partners are expected to conduct the business by the highest ethical standards.

- **Avoid conflict of interest, inappropriate gifts, and entertainment**, or any other kinds of favoritism that might compromise the selection process;
- **Deals with Business Partners who have complied with TM's requirements** and who act in manner that is consistent with TM's commitment to comply with the ethics;
- **No-Gift Policy** including but not limited to money, favor, or promise; kickback/commission; or gratuity e.g. something given voluntarily or beyond obligation usually in return for or in anticipation of some service.
- **Protects confidential information and does not disclose confidential information** to any unauthorized party;
- **Maintain and observe the highest ethical standards** when dealing with TM Business Partners and/or customers.

CORPORATE LIABILITY PROVISION MACC ACT 2009 SECTION 17A

To strengthen controls and monitoring of Corruption, Integrity & Governance risks, TM Employees and Business Partners are committed to complying with the MACC Act 2009 including the provision on Corporate Liability under its Section 17A, and all applicable laws.

Source: TM Code of Conduct and Business Ethics and TM OACP

- Under the Section 17A of MACCA 2009, TM as a commercial organisation may be liable if its Associated Person corruptly gives, agrees to give, promises, or offers to any person any gratifications whether for the benefits of that person or another person with the intent to obtain or retain business or advantage in the conduct of TM's business. Associated Person would include TM Board of Directors, Management, Employees, and any parties who perform services for or on behalf of TM.
- TM Board of Directors, Management, Employees, and Business Partners are prohibited from offering or giving any gratification to any party to obtain or retain business or advantage for the TM Group.

Source: Anti-Corruption Guide

CORRUPTION RELATED OFFENCES

Bribery (Giving/
Receiving)

Collusion/
Bid-Rigging

Abuse of Power/ Position

Embezzlement

False Claim

Leakage of Information
(Unauthorised Disclosure of
Confidential Information)

“NO-GIFT” POLICY IN TM

TM prohibits the use of gifts, entertainment and corporate hospitality to influence business decisions unethically.

TM adopts a “no-gift” policy to prevent bribery and corruption.

TM STAFF

prohibited from, directly or indirectly soliciting, requesting, receiving gifts (cash or otherwise) from Business Partners or any third parties that have dealings

with TM

Note : *unless it is in accordance with Corporate & Premium Gifts Guidelines TM Premium Items Management Guidelines

TM STAFF AND BUSINESS PARTNER

not allowed to receive or accept a gift for ourselves or a third party or provide gifts to third parties*.

prohibited to give/offer gifts if it would violate the recipient’s policies or could, in any way, be perceived as a kickback or bribe

Source: TM Code of Conduct and Business Ethics

NO.

PERMITTABLE GIFT

- 1 Exchange of gifts on a company-to-company level.
- 2 Gifts from the company to external institutions or individuals in relation to the company’s official functions, events and celebrations.
- 3 Gifts from TM to Employees and Directors and/or their family members in relation to an internal or externally recognised Company function, event, and celebration.
- 4 Token gifts of nominal value (maximum at RM200) normally bearing TM company’s name or logo or that are given out equally to members of the public, delegates, Customers, exhibitions, training, trade shows, etc., and deemed as part of TM’s brand building or promotional activities.
- 5 Gifts to external parties who have no business dealings with TM (e.g. monetary gifts or gifts in kind to charitable organisations).

Source: TM Code of Conduct and Business Ethics

SPONSORSHIP

TM Sponsorship Management Guidelines

TM only participates in the sponsorship of events, activities, functions, ceremonies and programs that promote sales, maximize publicity, build brand affinity, maintain consistency in brand image, and support nation-building initiatives. *Source: Sponsorship Management Guideline*

1. We are **prohibited from making any contributions intended to influence or could be perceived to influence** a tender or other decision in favor of TM. *Source: TM Code of Conduct and Business Ethics*
2. Any **business travel-related** (e.g: an on-site examination of equipment, contract negotiations, or training) **sponsorship by a Business Partner** (not limited to transportation and lodging expenses) is **strictly not allowed unless stipulated, pre-agreed and detailed in a contract** between TM and the Business Partner with a clear purpose and reasonable cost. *Source: TM Code of Conduct and Business Ethics*
3. TM Board of Directors, Management, and Employees are **not allowed to receive or demand any favor from the Business Partners** to avoid any actual or potential conflict of interest. *Source: Anti-Corruption Guide*

TRANSPARENT CONFLICTS OF INTEREST

TM employees are expected to act in TM's best interests and to exercise sound judgment unclouded by personal interests or divided loyalties. In discharging duties for TM, TM's employees should seek to avoid the appearance of, as well as an actual conflict of interest

If in doubt about a potential conflict, TM's employees should speak to their immediate supervisor, manager, or another member of management of TM.

SITUATIONS IN WHICH CONFLICTS MAY ARISE

- 1 You or any member of your family holds a financial interest in an organisation that is seeking business dealings with TM.
- 2 You have a close family or personal relationship with anyone who has such an interest or holds a senior position in the supplier's organisation.
- 3 You act, without written approval, as a director, officer, employee, consultant or advisor or in any other capacity for any business or other organisation that currently (or potentially) has a business relationship with TM.
- 4 You engage in any outside activity, without written approval, with an individual or organisation that currently (or potentially) has a business relationship with TM, where such activity is likely to decrease or appear to decrease your judgment.
- 5 You have had a prior business or commercial relationship with the organisation that is seeking dealings with TM. This situation also applies where former employees of TM are currently attached to the organisation seeking dealings with TM.
- 6 You are offered or promised future employment or leadership position or any forms of gratuity by the organisation seeking business dealings with TM.

OUR POSITION ON CONFLICT OF INTEREST

All participants in the procurement processes need to uphold the basic principles of trust, honesty, fairness and transparent behaviour in the business dealings

- All employees handling procurement shall not have a conflict of interest in any procurement activities under their responsibility.
- If a TM employee who is involved in the procurement process has or potentially will have conflicts of interest with Business Partners, the employee must immediately declare with details to the Chief Procurement Officer (“CPO”).
- Such an employee shall abstain from participating if such conflict exists unless a decision has been made by the CPO.
- TM employees and Business Partners who are involved in procurement processes are responsible and accountable to execute Integrity Pledge to enhance transparency and eradicate corrupt practices.

Source: TM Code of Conduct and Business Ethics and Anti-Corruption Guide

DECLARATION ON CONFLICT OF INTEREST

How to declare?	Integrity Pledge By TM Employee	Integrity Pledge By Members Of Procurement Committees	Integrity Pledge By TM Business Partners (Declaration at *ROS/SUS)	Integrity Pledge By TM Business Partners
When to declare?	Upon reporting for duty and annual basis	Upon Appointment as Procurement Committee Member	Upon Registration & Renewal as TM Business Partner	Mandatory Document For Submission during sourcing activities

Note : *Registration of Supplier (ROS)/Supplier Self Service (SUS)

Source: TM Integrity Pact

HONEST REPRESENTATION OF CAPABILITIES

TM expects all its Business Partners to honestly declare that they will:

POLICY & COMPLIANCE

- 1 comply with all legislations, regulations and statutory requirements relating to the provision of the products/ services to TM.
- 2 comply with TM's anti-corruption policies and procedures and/or any other relevant anti-corruption policies and procedures which may be amended from time to time in the course of performing and/or carrying out their obligations under and/or in connection with the Contract.
- 3 implement their own anti-bribery and anti-corruption policies and procedures including adequate measures, controls, and accurate records of transactions to ensure compliance with such applicable laws.
- 4 comply with all applicable laws in Malaysia and, to the extent that it is relevant, any other jurisdiction in respect of bribery, corruption and/or fraudulent acts in the course of performing and/or carrying out their obligations under and/or in connection with the Contract.
- 5 avoid making any kind of announcement or issuing any media release concerning any aspects of the Contract without the prior written approval of TM except specifically agreed between the TM and TM Business Partners or required by law.
- 6 avoid contracting out or subcontracting or outsourcing any portion of the products or services unless prior written consent from TM has been obtained.
- 7 commit towards supporting and complying with TM Group ESG aspirations and targets with a focus on Environmental, employee well-being, fair labour practices, and integrity in discharging your contractual obligations to TM.

COMPANY'S STRUCTURE

- 8 not be related (e.g. common shareholders, Board members, senior management) to any of the other suppliers participating in a similar bid.
- 9 avoid acting in concert with other suppliers or agents when participating in a bid.

PRODUCT & SERVICES

- 10 ensure they are duly authorised/certified providers of the supplied products/services and shall not, expressly or impliedly hold themselves out to be an agent/representative of a third.
- 11 only supply products that are certified to be of merchantable and satisfactory quality.
- 12 possess and utilise the necessary capabilities, equipment and suitable place of business to perform its obligations.

UNDERSTANDING AND ADHERENCE TO THE PROCUREMENT ETHICS

All employees and representatives of TM and its Business Partners are accountable and responsible to **Read, Understand and Adhere to the Procurement Ethics** at all times.

- 1. Commit to conducting TM's business with integrity**, in compliance with Procurement Ethics and applicable company policies, laws, and regulatory requirements.
- 2. Self-monitor compliance** with Procurement Ethics.
- 3. Obtain guidance for resolving a business practice or compliance concern** if he/she is uncertain about how to proceed in a situation.
- 4. Report possible violations** of the Procurement Ethics.
- 5. Cooperate fully** in any investigation.

MONITORING OF COMPLIANCE TO THE PROCUREMENT ETHICS

TM will do its utmost to deal only with Business Partners who adopt and adhere to the Procurement Ethics and/or any other policy or code of conduct that aims to promote similar principles as the Procurement Ethics. In this respect, **TM commits to monitor the performance of its Business Partners** and will adopt necessary disciplinary measures in cases where the ethics of its Business Partners comes into question.

To facilitate the monitoring of compliance to the Procurement Ethics,

TM expects its Business Partners to:

- 1. Monitor and report on any Non Compliance** with Procurement Ethics.
- 2. Develop and maintain all necessary documentation** to support compliance, such documentation must be accurate and complete.
- 3. Provide TM's representatives with access to relevant records**, upon TM's request.
- 4. Allow TM's representatives to conduct confidential interviews** with the Business Partner's employees and with management separately.
- 5. Allow TM's representatives to conduct announced and unannounced site visits** to Business Partner's locations.
- 6. Respond promptly to reasonable inquiries from TM's representatives** in relation to the implementation of Procurement Ethics.

THE DISCIPLINARY ACTIONS APPLIED WILL DEPEND ON THE NATURE AND SERIOUSNESS OF THE BREACH AND THE DEGREE OF COMMITMENT SHOWN BY THE PARTY IN BREACH TO ITS OBLIGATIONS UNDER THE PROCUREMENT ETHICS

Breach of TM policies could result in:

TM EMPLOYEES

1. Written warning
2. Suspension without salary
3. Withholding annual salary increment
4. Demotion
5. Summary Dismissal
6. Lesser Punishment Other Than no.1-5

TM BUSINESS PARTNERS

1. Written warning
2. Suspension
3. Termination
4. Blacklist

For detailed Frequently Asked Questions (FAQ) , kindly refer to
Chapter 16 of Anti-Corruption Guidelines (ACG)

SECURE COMMUNICATION CHANNELS

To encourage self-policing of Procurement Ethics, TM has established a secure communication channel to enable employees and the suppliers to raise their concerns confidentially and responsibly.

If an employee or Business Partner has questions about the Procurement Ethics or wishes to report questionable behaviour or possible violation of the Procurement Ethics (“Concerned Individual”), the Concerned Individual is encouraged to work with his or her primary TM contact in resolving a business practice or compliance concern.

Concerned Individual may also contact :

TM Ethics Line



1-800-88-2377
(Malaysia Only)



ethic@tm.com.my

TM will not tolerate any retribution or retaliation by anyone against a Concerned Individual who has, in good faith, sought out advice or has reported questionable behaviour and/or a possible violation. TM will take disciplinary action up to and including termination for anyone who threatens or engages in retaliation, retribution or harassment of the Concerned Individual.

Identities and contents of all information or complaints will be treated as **CONFIDENTIAL AND SECURE**. Breaches of the Procurement Ethics may result in disciplinary actions being invoked against that party, in addition to any contractual or legal remedies.

GROUP PROCUREMENT TELEKOM MALAYSIA BERHAD

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