

INTRODUCTIONS

In an effort of implementing Adequate Procedures under S17A Corporate Liability Malaysian Anti Corruption Commission Act 2009("MACC Act 2009") to prevent the occurrence of corrupt practices in relation to business activities, Sabah Oil and Gas Development Corporation ("SOGDC") has adopted a zero tolerance policy against all forms of bribery and corruption. The MACC Act 2009, SOGDC Organisational Anti Corruption Plan ("OACP") alongside SOGDC Standard Operating Procedure Integrated Manual Procedure ("SOGDC/M/QM01") sets out SOGDC core principles in this regard.

The SOGDC Anti Bribery and Corruption Policy and Guidelines ("hereinafter referred to the ABC Manual") elaborate on those principles, providing guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

It is also intended to apply to every director (executive and non-executive) except as otherwise stated in this Policy and Guidelines. Joint venture companies in which SOGDC is a non-controlling co-venturer and associated companies are encouraged to adopt similar principles and standards.

SOGDC also expects that contractors, subcontractors, consultants, agents, representatives and other performing work or services for or on behalf of SOGDC will comply with the relevant parts of the ABC Manual when performing such work or services.

The Policy and Guidelines are not planned to provide definitive answers to all questions regarding bribery and corruption. Rather, they are intended to provide employees with the fundamentals on how SOGDC combats bribery and corruption in furtherance of the group's commitment to lawful and ethical behaviour at all times.

Some of the guidelines are designed to prevent situations in which bribery and corrupt practices may take root.

If you have any doubt about the scope of applicable laws or the application of the group's policies concerning the fight against bribery and corruption, you should contact your Head of Department, Human Resource Department and/or SOGDC's panel lawyer(s), Suruhanjaya Pencegahan Rasuah Malaysia ('SPRM') and/or Unit Integriti Kerajaan Negeri Sabah, whichever applicable.

Engaging in bribery or corrupt practices can have severe consequences for you and for SOGDC. You may face dismissal, fines and imprisonment, and the company may face damage to reputation, financial loss and disbarment from business and other negative consequences.

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PART 1:

APPLICATION AND TERMS AND DEFINITIONS

1.1 APPLICATION

This ABC Manual is applicable to every employee and every Director (executive and non-executive) of SOGDC, except as otherwise stated in this Manual. Joint-venture companies in which SOGDC is a non-controlling co-venturer and associated companies are encouraged to adopt these or similar principles and standards.

As stated in the introduction of this ABC Manual, SOGDC also expects that contractors, subcontractors, consultants, agents, representatives and other performing work or services for or on behalf of SOGDC will comply with the relevant parts of the ABC Manual when performing such work or services.

Shall a law conflicts with a policy set out in this ABC Manual, one should comply with the law. The law in this context will refer to Malaysian Laws and shall you have any questions ,please consult your Head of Department, Human Resource Department ("HR") and/or SOGDC's panel lawyer, Suruhanjaya Pencegahan Rasuah Malaysia ("SPRM") and/or Unit Integriti Kerajaan Negeri Sabah , whichever applicable.

1.2 TERMS AND DEFINITIONS

References to "you" in this ABC Manual refer to any person to whom this Manual applies. Where more specific references are used (such as "employee"), the more specific reference is intended.

For purposes of this Manual, the term "family/household" includes your spouse(s), children (including step-children and adopted children), parents, step-parents, siblings, step-siblings, grandparents, grandchildren, in-laws, uncles, aunts, nieces, nephews, and first cousins, as well as other persons who are members of your household.

For purposes of this Manual, the term "employee" means any person who is in the employment of SOGDC including but not limited to executives, non-executives, secretaries, secondees and individuals on direct hire.

The term "SOGDC" means Sabah Oil and Gas Development Corporation and its subsidiaries and controlled companies. The expression "SOGDC" is used for convenience where references are made to SOGDC companies in general. The companies in which SOGDC has direct or indirect shareholding are distinct legal entities.

2.1 "NO GIFT" POLICY

SOGDC has adopted a "No Gift" Policy whereby, subject only to certain narrow exceptions, SOGDC employees and directors (executive and non-executive), family members or agents acting for or on behalf of SOGDC employees, directors or their family members are prohibited from, directly or indirectly, receiving or providing gifts.

SOGDC requires employees and directors to abide by this policy to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealings between SOGDC and external parties as a gift can be seen as a bribe that may tarnish SOGDC's reputation or be in violation of anti-bribery and corruption laws.

As set out in the Malaysian Anti-Corruption Commission Act 2009 namely Section 17A Corporate Liability and SOGDC Organizational Anti-Corruption Plan, a conflict of interest arises in a situation in which an individual is in a position to take advantage of his or her role in SOGDC for his or her personal benefit, including the benefit of his or her family/household and friends. This would undermine the duties of good faith, fidelity, diligence and integrity as expected by SOGDC from its employees and directors in the performance of their duties and obligations.

It is the responsibility of employees and directors to inform external parties involved in any business dealings with SOGDC that the Company practices a "No Gift Policy" and to request the external party's understanding for and adherence with this policy.

2.2 RECEIVING GIFTS

The Company is very much aware that the exchange of gifts can be a very delicate matter where, in certain cultures or situations, gift giving is a central part of business etiquette.

Despite acknowledging SOGDC's "No Gift Policy", some external parties may still insist in providing gifts to SOGDC employees, directors and/or their family members in certain situations which do not fall within the general exceptions.

Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of SOGDC is allowed only in very limited circumstances, whereby refusing the gift is likely to seriously offend and may sever SOGDC' business relationship with the Third Party. However, in no circumstances may an employee, director or his/her family/household members accept gifts in the form of cash or cash equivalent.

In these limited circumstances, employees are expected to immediately record the gift in the form as provided by your Human Resource Department for submission to your Head of Department who will then decide whether to approve the acceptance of the gift or require it to be returned. Directors should inform the Company Secretary, as soon as reasonably practicable, to seek his/her advice when faced with a similar situation.

Even if it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. bidding is in progress and the company that gave the gift is one of the bidders) then clearly the Head of Department cannot approve the acceptance of said gift (in the case of directors, the Company Secretary would advise the same). In this situation, the gift must be politely returned with a note of explanation about the Company's "No Gift" policy.

In the event the Head of Department approves the acceptance of the gift, he/she must also determine the treatment of the gift whether to:

- Donate the gift to charity; or
- Hold it for departmental display; or
- Share with other employees in the department; or
- Permit it to be retained by the employee

In determining the above, Heads of Department are expected to exercise proper care and judgment in each case, taking into account pertinent circumstances including the character of the gift, its purpose, the position/ seniority of the person(s) providing the gift, the business context, reciprocity, applicable laws and cultural norms.

2.3 PROVIDING GIFTS

Generally employees are not allowed to provide gifts to third parties with the exception of the CEO and any other officers identified in the gift and entertainment policy of the respective jurisdictions.

2.4 EXCEPTIONS TO THE "NO GIFT" POLICY

Although generally SOGDC practices a "No Gift" Policy, there are certain exceptions to the general rule whereby the receiving and provision of gifts are permitted in the following situations:-

- Exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official company visit/courtesy call and thereafter said gift is treated as company property);
- Gifts from company to external institutions or individuals in relation to the company's official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event);
- Gifts from SOGDC to employees and directors and/or their family members in relation to an internal or externally recognized Company function, event and celebration (e.g. in recognition of an employee's/director's service to the Company);
- Token gifts of nominal value normally bearing the SOGDC or company's logo or (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. and deemed as part of the company's brand building or promotional activities; and
- Gifts to external parties who have no business dealings with SOGDC (e.g. monetary gifts or gifts in-kind to charitable organizations).

Even in the above exceptional circumstances, employees and directors are expected to exercise proper judgment in handling gift activities and behave in a manner consistent with the general principles set out in the Malaysian Anti-Corruption Commission Act 2009 namely Section 17A Corporate Liability and SOGDC OACP as per below:

- Conscientiously maintain the highest degree of integrity,
- · Always exercise proper care and judgement,
- Avoid conflicts of interest,
- Refrain from taking advantage of your position or exercising your authority to further your own personal interest at the expense of SOGDC, and
- Comply with applicable laws, regulations and SOGDC policies and procedures.

PART 2:

GIFT, ENTERTAINMENT AND CORPORATE HOSPITALITY

Refer to the DO's and DON'Ts below:

DO's(✓

- There are certain types of gifts which are
- SOGDC employees and directors must inform third parties involved in business dealings with SOGDC that the Company practices a "No Gift Policy" and to request the aforementioned parties to respect and adhere with the Company policy.
- SOGDC employees and directors are prohibited from accepting or providing gifts to third parties unless it falls under the general exceptions provided under the policy as stated in paragraph 2.3 and 2.4.
- SOGDC Heads of Department must exercise proper care and judgment when handling gift activities and apply the **Anti-Corruption** general Malaysian Commission Act 2009 namely Section 17A Corporate Liability and SOGDC OACP principles in determining the appropriateness of the gift, in particular when dealing with public officials and public agencies/bodies as strict rules apply.
- Employees are required to submit the HR Gift Activity Reporting Form to his/her HR/Head of Department who will then whether decide approve to the acceptance of the gift or require the gift to be returned.

never permissible and SOGDC employees and directors should immediately refuse if it involves the following:-

DON'Ts(⊗)

equivalent could be in the form of vouchers, discounts, coupons, shares and commission etc.

• Any gift of cash or cash equivalent. Cash

- Any gifts involving parties engaged in a tender or competitive bidding exercise.
- Any gifts that comes with a direct/indirect suggestion, hint, understanding implication that in return for the gift, some expected or desirable outcome required ("quid pro quo").
- Any gift that would be illegal or in breach of local or foreign bribery and corruption laws.
- Any gift which is lavish or excessive e.g. valued above the maximum threshold permitted by the Company or may adversely affect the reputation SOGDC.

You must immediately return or decline any gift that falls within the above mentioned categories.

2.5 PROVIDING ENTERTAINMENT

SOGDC recognizes that providing modest entertainment is a legitimate way of building business relationships and as such a common practice within the business environment to foster good business relationship with external clients. As such, eligible employees are allowed to entertain external clients through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.

In some countries, the act of hospitality through entertainment is a central part of business etiquette. However, this may not necessarily be the case in every country or in all circumstances as it may create a negative perception if observed or known by others despite selfless motives behind the entertainment provided.

Employees and directors should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore you should always exercise proper care and judgment when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

Employees and directors are strictly prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery and contrary to the general values and principles of the SOGDC/M/OM01,MACC Act 2009 namely Section 17A Corporate Liability and SOGDC OACP.

You are required to comply with the policies and procedures of your Human Resource Department, and maintain expenses within the limits of your entitlement, when carrying out entertainment activities.

It is opined that any entertainment activities that would involve public officials shall require the prior approval of the Head of Department or the Head of Operating in consultation with panel lawyers and/or SPRM and/or Unit Integriti Kerajaan Negeri Sabah, whichever applicable.

2.6 RECEIVING ENTERTAINMENT

SOGDC recognizes that the occasional acceptance of a reasonable and modest level of entertainment provided by third parties in the normal course of business is a legitimate way to network and build good business relationships.

However, it is important for employees and directors to exercise proper care and judgment before accepting entertainment offered or provided by a third party. This is not only to safeguard the Company's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

You are required to comply with the policies and procedures of your Human Resource Department in relation to receiving entertainment from third parties.

As set forth in the MACC Act 2009 namely Section 17A Corporate Liability and SOGDC OACP, in no event, however, may you or any of your family/household members accept entertainment in exchange for an exercise of non-exercise of your SOGDC authority or otherwise to the detriment of SOGDC.

PART 2:

GIFT, ENTERTAINMENT AND CORPORATE HOSPITALITY

Refer to the DO's and DON'Ts below:

DO's(✓)

DON'Ts 🕱

- SOGDC employees and directors must ensure that the entertainment offered is legitimate, modest and not lavish or excessive or extraordinary.
- SOGDC employees and directors are prohibited from offering or providing entertainment with a view to improperly creating undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether directly or indirectly, may be construed as an act of bribery that is contrary to the general principles of the MACC Act 2009.
- You must be aware and educate yourself on local anti-bribery and corruption laws when dealing with public officials as in some countries providing entertainment to public officials has the potential to be regarded as bribery.
- Eligible employees are required to comply with the policies and procedures of their Human Resource Department, and maintain expenses within the limits of their entitlement, when carrying out entertainment activities.
- Any entertainment activities that would involve public officials shall require the prior approval of the respective Heads of Department in consultation with your panel lawyers and/or SPRM and/or Unit Integriti Kerajaan Negeri Sabah, whichever applicable.

There are certain types of entertainment activities which are never permissible you should immediately refuse if it involves the following:-

- Any entertainment that comes with a direct/indirect suggestion, hint, understanding or implication that in return for the entertainment provided some expected or desirable outcome is required ("quid pro quo").
- Any entertainment activities that would be illegal or in breach of local or foreign bribery laws.
- Any entertainment activities that would be perceived as extravagant, lavish or excessive or may adversely affect the reputation of SOGDC.
- Any entertainment activity that is sexually oriented or may otherwise tarnish the reputation of SOGDC.

You must immediately return or decline any offers of entertainment that falls within the above mentioned categories.

2.7 CORPORATE HOSPITALITY

Corporate hospitality is generally defined as "corporate events or activities organized by an organization which involves the entertainment of employees and third parties for the benefit of that organization". Third parties may include customers, potential customers, contractors, external companies and any other stakeholders with whom a business relationship, whether current, prospective or historic exists.

Corporate events and activities include but are not limited to sporting events, gala dinners, concerts or activity based events such as golf tournaments.

Corporate hospitality is recognized as a legitimate way to network and build goodwill in business relationships. However, there is a fine line between what is considered to be legitimate vs. illegitimate forms of corporate hospitality. The question is whether there is any intention to influence or be perceived to influence the improper outcome of a business decision by providing the corporate hospitality.

Corporate hospitality would be illegitimate in the following situations:-

- If it provides an advantage to another person if offered; or
- If it is given with the intention of inducing the person to perform a relevant function improperly;
 or
- If there is knowledge that acceptance of the advantage would in itself be improper performance.

Transparency International has advocated corporate hospitality arrangements/activities should conform to the following basic principles:

- Transparency, in that all corporate hospitality is reported and written approval is obtained, all records of which are properly kept;
- Proportionally i.e. the corporate hospitality must commensurate with the recipient's official capacity and not provided in his/her personal capacity;
- Reasonableness in ensuring that the corporate hospitality is not lavish; and
- Bona fide, where the intention to offer and/or provide the corporate hospitality is done with good and legal intentions.

2.8 PROVIDING CORPORATE HOSPITALITY

SOGDC recognizes that providing corporate hospitality to its stakeholders be it through corporate events, sporting events or other public events, is a legitimate way to network and build goodwill in business relationships.

It is customary for SOGDC to issue complimentary invitations in the form of passes, tickets or invitations to third parties for events organized or sponsored by SOGDC, its Group Companies as well as events organized or sponsored by external organizations.

While providing corporate hospitality is a reflection of SOGDC' courtesy and goodwill, the respective Heads of Department must exercise proper care to protect the Company's reputation against any allegations of impropriety or the perception of bribery especially when the arrangements could influence or be perceived to influence the outcome of a business decision and are not reasonable and bona fide expenditures.

There should also be explicit, clear and internally transparent criteria to determine the selection of guests to be invited to a SOGDC corporate hospitality event. Reasonable due diligence should be exercised, particularly when the arrangements involve public officials.

There are various local and international anti-bribery and corruption laws that impose strict restrictions on the value and level of entertainment and corporate hospitality to be accorded to third parties, particularly when it is offered to government or public officials.

SOGDC is committed to comply with applicable laws governing the provision of corporate hospitality to third parties, especially when it involves public officials, and therefore expect employees to undertake the following:-

- to publicize and make clear the Company's policy on providing and receiving corporate hospitality;
- to obtain all necessary approvals for the issuance of complimentary tickets or passes to corporate hospitality events in accordance with the SOGDC Limits of Authority;

All expenses incurred to provide the corporate hospitality must be properly documented, receipted and recorded in the Company's records.

2.9 RECEIVING CORPORATE HOSPITALITY

As a general principle, SOGDC strictly prohibits employees and directors from soliciting corporate hospitality nor are they allowed to accept hospitality that is excessive, inappropriate, illegal or given in response to, in anticipation of, or to influence a favorable business decision, particularly from parties engaged in a tender or competitive bidding exercise (for e.g. contractors, vendors, suppliers etc.).

Notwithstanding the above, SOGDC recognizes that the occasional acceptance of an appropriate level of hospitality given in the normal course of business is usually a legitimate contribution to building good business relationships. However, it is important for employees and directors to exercise proper care and judgement before accepting the hospitality. This is not only to safeguard the Company's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

If you have any doubts on the appropriateness of a corporate hospitality offered by an external party for e.g. a contractor or supplier, you should either decline the offer or consult your Head of Department. In the case of directors (executive and non-executive), you should seek the advice of your respective Company Secretary.

PART 2:

GIFT, ENTERTAINMENT AND CORPORATE HOSPITALITY

Refer to the DO's and DON'Ts below:

DO's(✓)

DON'Ts 🕱

- You must ensure that the corporate hospitality accepted from an external party is legitimate, modest, and not lavish or excessive or extraordinary in nature.
- You must exercise proper care and judgment before offering or providing corporate hospitality to third parties to ensure compliance with applicable laws and regulations, in particular when it involves public officials.
- Any corporate hospitality activities that would involve public officials shall require the prior approval of the respective Heads of Department.
- If you have any doubts whether the corporate hospitality offered by an external party for e.g. a contractor or supplier is appropriate or reasonable in nature, you should either decline the offer or consult your Head of Department.

There are certain types of corporate hospitality activities which are never permissible and you should immediately refuse if it involves the following:-

- Corporate hospitality offered by parties currently engaged in a SOGDC tender or competitive bidding exercise.
- Corporate hospitality offered that comes with a direct/indirect suggestion, hint, understanding or implication that in return for the corporate hospitality provided some expected or desirable outcome is required ("quid pro quo").
- Any corporate hospitality activities that would be illegal or in breach of local or foreign bribery laws.
- Corporate hospitality which is lavish or excessive or may adversely affect the reputation of SOGDC.

You must immediately decline any offers of corporate hospitality that falls within the above mentioned categories.

PART 3:

DEALING WITH PUBLIC OFFICIALS

3.1 DEALING WITH PUBLIC OFFICIALS

A 'public or government official' which can include, without limitation, candidates for public office, officials of any political party, and officials of state-owned enterprises other than SOGDC.

Caution must be exercised when dealing with public officials as the laws of bribery and corruption in some countries are more stringent and provides for stricter punishments. Providing gift, entertainment or corporate hospitality to public officials or their family/household members is generally considered a 'red flag' situation in most jurisdictions.

As stated in the Malaysian Anti-Corruption Commission Act 2009, you are prohibited from paying for non-business travel and hospitality for any government official or his/her family/household members without permission from your Head of Department or the head of your operating unit in consultation with your panel lawyer and/or the SPRM. Other SOGDC policies and procedures on gift, entertainment and corporate hospitality must also be abided by, copies of which can be obtained from your Human Resource Department.

If approval is obtained for you to provide gift, entertainment or corporate hospitality to public officials, you must ensure that the gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his personal capacity. You must also be aware of local laws governing the activity and to ensure compliance. You should seek guidance from your Human Resource Department or Legal Department prior to providing any gift, entertainment or corporate hospitality to public officials.

3.2 SOGDC EMPLOYEES AS PUBLIC OFFICIALS

Under anti-bribery and corruption laws in some jurisdictions, SOGDC employees may be considered public officials because SOGDC is state-owned.

To prevent violations of law and underscore our commitment to ethical behavior worldwide, you should always abide by SOGDC' policies and provisions in relation to gifts (including the "No Gift" Policy), entertainment and corporate hospitality, copies of which are available from your Human Resource Department.

In this regard, you are strictly prohibited from accepting gifts, entertainment or corporate hospitality that is excessive, lavish, inappropriate, illegal, or given to influence a business decision or with an understanding that, in return, some desirable outcome may be expected.

If you have any queries on this matter, you should always consult and seek further advice from your panel lawyer(s) and/or SPRM and/or Unit Integriti Kerajaan Sabah.

PART 3:

DEALING WITH PUBLIC OFFICIALS

Refer to the DO's and DON'Ts below:

DO's(✓

- Do ensure that to provide or to offer to provide entertainment to public officials is lawful under local laws, as it might be deemed as bribery in certain countries or companies. If it is unlawful or if certain requirements must be met, you must ensure to fully comply with the law.
- Do ensure that proper care and judgment is exercised to confirm that there is no conflict of interest. It is unethical to offer or provide entertainment in exchange for some future benefit or result.
- Do ensure that due diligence is carried out to confirm that the Public Official is the appropriate person based on his/ her official position. Any entertainment extended must commensurate with the public official's official position and not based on his/her popularity, political standing or your familiarity with the public official.
- Do entertainment ensure that the the public official is provided reasonable and modest in value, and commensurate with the official designation of the public official. This is to avoid any perception of bribery.
- Do ensure that any 'red flag' is resolved before giving out gift or entertainment.
- Do ensure that all documentation (including invoices and receipts) are properly recorded and kept.

DON'Ts(×)

- Do not try to circumvent any laws or policies with regards to aifts entertainment, even if it means that SOGDC might lose out on business opportunities as a result.
- Do not be too complacent with certain public officials or local customs that you might think you are familiar with. Do not fail to check that there are no changes to local laws or company policies.
- Do not approve any requests by the public official to transfer the gift or entertainment to his family members or friends that are not authorized to accept the gift or entertainment. Doing so might be perceived as bribery even with the least strict of laws or policies. Kindly advise the public official that 'transfer' of gifts or entertainment is against SOGDC' policy.
- Dο not offer to provide entertainment or hospitality that are illegal or unduly dangerous, indecent, sexually oriented or disrespectful.
- Do not exceed the monetary threshold as specified in the Entertainment Expenses Policy.
- Do not act on your own accord when providing entertainment to public officials. Always consult your Head of Department, Corporate Support Services and/or panel lawyer(s).
- Do not conceal, alter, destroy or otherwise modify any documentation that relates to entertainment or corporate hospitality accorded to public officials.

PART 4: CORPORATE SOCIAL RESPONSIBILITY (CSR) AND DONATIONS

4.1 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a responsible corporate citizen, SOGDC is committed to contributing to the wellbeing of the people and nation in countries where it operates. It is however important that all Corporate Social Responsibility (CSR), sponsorships and donations are made in accordance with SOGDC policies and receive prior authorization by SOGDC Management or the Board.

Given the nature of our business, SOGDC is often asked by governments to contribute to Social Investment activities in the countries where we have operations.

As part of our commitment to corporate social responsibility and sustainable development, as a general matter, SOGDC provides such assistance in appropriate circumstances and in an appropriate manner. However, such requests must be carefully examined for legitimacy and not be made to improperly influence a business outcome.

The proposed recipient must be a legitimate organization and appropriate due diligence must be conducted in particular to ascertain whether any Public Officials are affiliated with the organization.

Any red flags must be resolved before committing any funds to the programme. Even requests determined to be legitimate must be carefully structured to ensure that the benefits reach their intended recipients. If you are in any doubt as to whether a charitable contribution or social benefit is appropriate, consult your Legal Department or Group Strategic Communications Division for assistance.

4.2 DONATIONS

It must be emphasized that employees must ensure that all donations are not used as a subterfuge for bribery or used to circumvent or avoid any of the provisions of the MACC Act 2009, including in particular, the prohibition on bribery.

SOGDC needs to be certain that donations to foreign-based charities or beneficiaries are not disguised illegal payments to government officials, and must ensure that the charity does not act as a conduit to fund illegal activities in violation of international anti-money laundering, anti-terrorism and other applicable laws.

In accordance with SOGDC's commitment to contribute to the community coupled with its values of integrity and transparency, all donation must comply with the following:

- ensure such contributions are allowed by applicable laws;
- obtain all the necessary internal and external authorizations;
- be made to well established entities having an adequate organizational structure to guarantee proper administration of the funds;
- be accurately stated in the company's accounting books and records;
- not to be used as a means to cover up an undue payment or bribery;

PART 4: CORPORATE SOCIAL RESPONSIBILITY (CSR) AND DONATIONS

Examples of red flags to look out for are as follows:

- The proposed recipient/organization has affiliations with a Public Official or their relatives are involved;
- The contribution is made on behalf of a Public Official;
- There is a risk of a perceived improper advantage for SOGDC:
- The proposed recipient is based in a high risk country, the request comes from a high risk country or the activity takes place in a high risk country.

SOGDC requires employees to use good judgment and common sense in assessing the requests. When in doubt, employees should seek further advice from their Corporate Affairs Department or Legal Department or escalate the matter to Group Strategic Communications Division to determine the authenticity of such requests.

4.3 DUE DILIGENCE CHECKLIST

Before making a commitment to a CSR activity, sponsorship or donation requested by external stakeholders, you must first conduct proper due diligence to ensure that the requests are legitimate and that any red flags raised are resolved prior to committing the funds.

The request is evaluated against SOGDC' Guidelines on CSR, Sponsorship and Donations and meets the following criteria:-

- The request does not fall under the list of activities which SOGDC does not support or contribute to (refer to Corporate Support Services);
- There is no risk of a perceived improper advantage for SOGDC;
- The proposed recipient is a legitimate organization and proper due diligence are made/ background checks;
- The proposed recipient/organization does not have affiliations with a Public Official.

If the request meets the above requirements and it is reasonably ascertained to be legitimate in nature, you can proceed to prepare a recommendation/memorandum seeking Management's approval as per the Limits of Authority (LOA) Manual.

If the request comes from a high risk country (countries perceived to have high levels of corruption), or the proposed beneficiary is based in a high risk country, or the activity takes place in a high risk country or the proposed recipient is Government owned or if a Government Official or their relative is involved and it is reasonably expected that a SOGDC subsidiary may have business that could be influenced by that Government Official or the Government Official's agency, ministry or department, a memorandum must be sent to Corporate Support Services Group for review as to whether or not the proposed investment/sponsorship or donation should proceed and if deemed necessary, the SOGDC Unit Integriti and Jawatankuasa Anti Rasuah (JAR) should be consulted to ensure compliance with anti-bribery and corruption laws.

PART 4:

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND DONATIONS

Refer to the DO's and DON'Ts below:

DO's (✓)

DON'Ts 🔀

- Ensure that the activity is in line with SOGDC' policy and guidelines on CSR, sponsorships and donations and does not fall under the list of CSR activities which SOGDC does not support or contribute to. In case of any doubts, please refer to Group Strategic Communications Division.
- Ensure that the request has been carefully examined for legitimacy and that an appropriate level of due diligence has been conducted on the requesting party.
- Ensure that the proposed recipient is a legitimate organization, and the funding of the CSR activity is in compliance with the applicable laws and not made to improperly influence a business outcome or perceived to provide an improper advantage to SOGDC.
- If the request comes from a high risk country or the proposed activity takes place in a high risk country or the proposed recipient is Government owned or involves a Government Official or their relatives, the request must undergo a more stringent due diligence process to determine whether there are any red flags raised.
- Any red flags must be resolved before committing any funds to the programme.

- Do not commit any funds without first undergoing the proper processes and procedures to evaluate the legitimacy of the request.
- Do not try to circumvent any guidelines, rules or procedures put in place by making charitable contributions as a subterfuge for illegal payments.
- Do not conceal. alter. destroy otherwise modify any relevant information, which in the normal course of business, may raise potential red flags would require additional that investigation, particularly if it involves public officials. If you are unsure or have any concerns, please consult your Head of Department or your Human Resources Department or panel lawyer(s).
- If the matter is still unresolved, you must ensure to escalate the matter further to Corporate Support Services.

PART 5: POLITICAL CONTRIBUTIONS

5.1 POLITICAL CONTRIBUTIONS

As a matter of general policy, SOGDC does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office.

PART 6: FACILITATION PAYMENT

6.1 MAKING FACILITATION PAYMENT

Facilitation payment can be defined as payments made to secure or expedite the performance by a person performing a routine or administrative duty or function. Offering, promising or requesting facilitation payments is just as prohibited as actually paying or receiving facilitation payments. Facilitation payments need not involve cash or other financial asset; it can be any sort of advantage with the intention to influence them in their duties.

SOGDC prohibits accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the employee himself or for any other person who is subject to the SOGDC/M/QM01 and MACC Act 2009. The reason underlying this prohibition is that facilitation payment is seen as a form of bribery and corruption. This prohibition is clearly laid out in the MACC Act 2009. All persons subject to the SOGDC/M/QM01 and MACC Act 2009 must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. If you receive a request or if you are offered facilitation payments, you must report it to your Head of Department.

6.2 EXCEPTION TO MAKING FACILITATION PAYMENT

However, there are certain situations or circumstances where you are faced with having to make facilitation payments in order to protect your life, limb or liberty. In dangerous situations like this, you are allowed to make payments but you must immediately report to your Head of Department and/or panel lawyer(s). Making facilitation payment in such a situation is the only exception which can be used as a defense when faced with allegations of bribery and corruption.

PART 7: MONEY LAUNDERING

7.1 MONEY LAUNDERING

Money laundering can be defined as occurring when the criminal origin or nature of money or assets is hidden in legitimate business dealings or when legitimate funds are used to support criminal activities, including financing terrorism. SOGDC 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. To avoid violating anti-money laundering laws, employees are expected to always conduct counterparty due diligence to understand the business and background of SOGDC' prospective business counterparties and to determine the origin and destination of money, property and services. Counterparty means any party that SOGDC is currently in relationship with or intends to do business with in the future, either on a regular or once-off basis. Counterparties include but are not limited to customers, contractors, suppliers, consultants, agents, JV partners and any other business partners.

A number of initiatives can be taken to strengthen anti-money laundering governance, they include the following:-

- Adequate training and compliance programs should be conducted to ensure understanding and strict compliance to any internal anti-money laundering policies.
- Employees frequently involved in decision making process concerning counterparties particularly in matters on financial transactions should be properly acquainted with the applicable laws and regulations related to money laundering.
- Employees should be attentive to and report suspicious behavior by customers, consultants and business partners using proper reporting channels, in-house experts on anti-money laundering should always be consulted.
- Convoluted payment arrangements such as payment in cash, payment to a third party or to accounts in other countries or requests for upfront payment for expenses or other fees.
- Periodic audits should be conducted and a process should be developed to follow all available accounting, record-keeping and financial reporting requirements applicable to cash and payments in connection with other transaction and contracts.

DEALING WITH THIRD PARTIES

8.1 DEALING WITH THIRD PARTIES

SOGDC' dealings with third parties, which include contractors, suppliers, agents, consultants, joint venture partners, introducers/government intermediaries etc., must be carried out in compliance with all relevant laws and consistent with the values and principles of the SOGDC/M/QM01 and MACC Act 2009. As part of this commitment, all forms of bribery and corruption are unacceptable and will not be tolerated. SOGDC expects that all third parties acting for or on its behalf to share the Company's values and ethical standards as their actions can implicate SOGDC legally and tarnish the Company's reputation. Therefore, where we engage third parties, such as contractors, agents, intermediaries or joint venture partners, we are obligated to conduct appropriate counterparty due diligence to understand the business and background of SOGDC' prospective business counterparties before entering into any arrangements with them to ensure that we are dealing with counterparties that subscribe to acceptable standard of integrity in the conduct of their business.

To help ensure that we only do business with third parties that share SOGDC standards of integrity, we must do the following:

- Conduct due diligence to assess the integrity of SOGDC' prospective business counterparties.
 Do not enter into any business dealings with any third party reasonably suspected of engaging in bribery and improper business practices unless those suspicions are investigated and resolved.
- All third parties are made aware of the SOGDC/M/QM01, SOGDC ABC Policy and MACC Act 2009 and our expectations of them.
- Continue to be aware of and to periodically monitor third party performance and business practices to ensure ongoing compliance.

If at any point during the due diligence exercise or in the dealings with a third party, there are conflicts of interest or "red flags" are raised, these warrant further investigation and must be sufficiently addressed before the engagement of the third party can progress.

Examples of common "red flags" involving third parties include:

- The transaction involves a country known for a high incidence of corrupt payments.
- Family, business or other "special" ties with government or public officials.
- A reference check reveals a flawed background or a reputation for getting "things done" regardless of the circumstances or suggests that for a certain amount of money, he can fix the problem.
- Objection to anti-bribery representations and warranties in commercial agreements or negative response when told of such requirements.
- Convoluted payment arrangements such as payment in cash, payment to a third party or to accounts in other countries or requests for upfront payment for expenses or other fees.
- The third party requires that his/her identity not be disclosed as part of the business transaction.
- Inadequate credentials for the nature of the engagement or lack of an office or an established place of business. SOGDC requires its employees to use good judgement and common sense in assessing the integrity and ethical business practices of third parties and have provided the above as a guideline. Employees should seek advice from their Human Resource Department or the Corporate Support Services and panel lawyer(s) whenever particular questions arise relating to third parties that the Company has appointed or is considering appointing.

DEALING WITH THIRD PARTIES

8.2 DEALING WITH CONTRACTORS AND SUPPLIERS

In line with the general principles of the SOGDC Integrated Manual, MACC Act 2009 and SOGDC OACP, SOGDC is committed to uphold the highest standard of ethics and integrity in all aspects of its procurement activities. SOGDC should avoid dealing with any contractors or suppliers known or reasonably suspected of corrupt practices or known or reasonably suspected to pay bribes.

SOGDC must ensure that all procurement activities are in line with the procurement policies and procedures that are applicable in your jurisdiction, which include:

- Due diligence of contractors and suppliers are undertaken before they are registered/licensed with SOGDC.
- Contractors and Suppliers are made aware of and understand the SOGDC/M/QM01 and SOGDC ABC Manual and that they will comply accordingly.
- All commercial contracts and invitations to bid (TIBs) incorporate the provisions relating to business conduct, conflict of interest and fighting corruption and unethical practices.
- In Malaysia, the General Terms and Conditions of License for contractors incorporate the provisions relating to business conduct, conflict of interest and fighting corruption and unethical practices.
- All commercial contracts with major contractors and suppliers to incorporate a provision where SOGDC retains the right to audit third party compliance with the SOGDC/M/QM01 and SOGDC ABC provisions.

SOGDC must conduct due diligence on prospective contractors and suppliers to confirm whether or not these external parties have in place anti-bribery programmes and that they will not engage in any improper practices. Screening should be conducted on the company, its directors and top management and this can be done through the due diligence process and procedures as established in your jurisdiction. The scope and extent of the due diligence required will vary depending upon the circumstances of each proposed transaction. SOGDC should also monitor significant contractors and suppliers as part of their regular review of the performance of the third party. SOGDC has the right to terminate their services in the event that these third party pay bribes or act in a manner which is inconsistent with the SOGDC/M/QM01 and ABC Manual.

If any red flags are raised, these issues must be resolved. If it is not possible then the company must be barred from being on the list of registered or licensed contractors / suppliers and/or disqualified from participating in any SOGDC tender exercise.

For further guidance on the implementation of the SOGDC ABC Manual and the due diligence checklist for contractors and suppliers, employees should consult their respective Procurement or Legal Department.

DEALING WITH THIRD PARTIES

8.3 DUE DILIGENCE CHECKLIST FOR CONTRACTORS AND SUPPLIERS.

SOGDC, in particular, the procurement function must follow the following procedures when dealing with Contractors and Suppliers:-

- Perform a risk assessment using a risk-based approach;
- Undertake due diligence on the third party depending on the level established by the risk analysis;
- Preparing and maintaining appropriate written documentation of the due diligence and risk assessment performed.

8.4 MERGERS, ACQUISITIONS & INVESTMENTS

SOGDC must undertake due diligence in evaluating Mergers and Acquisition transactions and investments to ensure compliance with anti-bribery and corruption laws. Transparency International has provided a guide (http://www.transparency.org.uk/our-work/ publications/227-anti-bribery-due-diligence-for-transactions) for companies on undertaking anti-bribery and corruption due diligence in the course of mergers, acquisitions and investments which is as follows:-

8.5 DUE DILIGENCE - PRE ACQUISITION

- Anti-bribery due diligence is considered on a proportionate basis for all investments but on a risk-based approach, with the level of due diligence being proportionate to the investment and the perceived likelihood of risk of bribery.
- The level of anti-bribery due diligence for the transaction is commensurate with the bribery risks
- Anti-bribery due diligence starts sufficiently early in the due diligence process to allow for adequate due diligence to be carried out and for the findings to influence the outcome of the negotiations or stimulate further review if necessary.
- The partners or board provide commitment and oversight to the due diligence reviews.
- Information gained during the anti-bribery due diligence is passed on efficiently and effectively to the company's management once the investment has been made.

8.6 DUE DILIGENCE - POST ACQUISITION

- To conduct due diligence on a proportionate basis immediately after purchase to determine if there is any current bribery and if so, takes immediate remedial action.
- To ensure that the target has or adopts an adequate anti-bribery and corruption programme equivalent to its own.
- Bribery detected through due diligence is reported to the authorities.

8.7 WHAT TO LOOK FOR IN ANTI-BRIBERY DUE DILIGENCE

- Has bribery taken place historically?
- Is it possible or likely that bribery is currently taking place? If so, how widespread is it likely to be?
- What is the commitment of the board and top management of the target to countering bribery?
- Does the target have in place an adequate anti-bribery programme to prevent bribery?
- What would the likely impact be if bribery, historical or current, were discovered after the transaction had completed?

DEALING WITH THIRD PARTIES

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8.8 JOINT VENTURE PARTNERS

In view of the possibility that SOGDC may be held responsible for the illegal activities of its coventurers, we need to ensure that Joint Ventures in which SOGDC has a controlling interest adopt the SOGDC Anti-Bribery and Corruption Policy and Guidelines ("ABC Manual"). Where SOGDC neither controls nor operates the Joint Venture (JV) or where SOGDC holds a minority interest, we should:

- make reasonable efforts to influence the JV partners to adopt the ABC Manual (or substantially equivalent standards and principles) and to comply with all applicable anti-bribery and corruption laws and to establish controls substantially similar to SOGDC standards to prevent bribery;
- be alert to warning signs which may arise in the conduct of the business. Any such warning signs must be reported to the Corporate Support Services and/or panel lawyer(s) and appropriate action to be taken; and
- require (or where this right does not formally exist, request) that the majority partner or JV entity to provide written representation of anti-bribery compliance on an annual basis.

PART 9: RECRUITMENT OF EMPLOYEES

9.1 RECRUITMENT OF EMPLOYEES

SOGDC, being a diversified business entity, provides equal opportunity for any qualified and competent individual to be employed by the company from various multicultural and multiracial background, sourced from externally, local and internationally (if need be).

The recruitment of employees should be based on approved selection criteria to ensure that only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of employees.

In line with this, proper background checks should be conducted in order to ensure that the potential employee has not been convicted in any bribery or corruption cases nationally or internationally. More detailed background checks should be taken when hiring employees that would be responsible in management positions, as they would be tasked with decision making obligations.

If you find or suspect that another person subject to this policy has violated or about to violate this policy or applicable law, whether deliberately or inadvertently, you must forthwith report the same, in writing, to your Head of Department or your Human Resource Department.

PART 9:

RECRUITMENT OF EMPLOYEES

Refer to the DO's and DON'Ts below:

DO's(✓

- Do ensure that the due process and procedure are carried out based on the approved selection criteria when recruiting new employees. This is to avoid any allegations of bribery and corruption.
- Do ensure that due diligence is carried out to confirm that the candidate is the suitable person based on eligibility criteria and/or other prerequisites, rules and quidelines.
- Do ensure that relevant approvals are obtained from the respective Approving Authority prior to issuance of an offer letter.
- Do ensure that if the candidate to be family/household employed has a relationship to a SOGDC staff or director, it is properly recorded and is being made transparent.
- Do ensure that all rights, entitlements and benefits given to the candidate are reasonable in value.
- Do ensure that any 'red flag' is resolved before recruiting. For example, if the candidate is a relative of a government official, you must ensure that it is not against the laws of the relevant country.
- Do ensure that all documentations (including invoices and receipts) are properly recorded and kept.

DON'Ts(⋈)

- Do not recruit an employee without undergoing the proper process and procedures set by SOGDC to ensure that there is no perception of bribery or corruption.
- Do not try to circumvent any guidelines, rules or procedures when selecting new employees as it might put you and SOGDC in trouble in the event of any bribery allegation.
- Do not try to conceal any information where you think that there might be a conflict of interest. If you are unsure, please consult your Head of Department, Head of OPU, HR or Legal Department.
- not arbitrarily award entitlements and benefits. The value and types of rights, entitlements and benefits must be based on the guidelines prepared by SOGDC.
- Do not fail to give particular attention to any laws, guidelines or policies when a public official is involved, as some countries might impose particular requirements. Always consult your Head of Department, Head of OPU, HR or Legal Department.
- Do not conceal, alter, destroy or otherwise modify any documentation.

PART 10:

SOGDC WHISTLEBLOWING POLICY

10.1 SOGDC WHISTLEBLOWING POLICY

SOGDC encourages openness and transparency in its commitment to the highest standard of integrity and accountability.

If you make a report or disclosure about any actual or perceived bribery or corruption in good faith, belief, without malicious intent, that a breach or violation as aforesaid may have occurred or may about to occur, you will be accorded protection of confidentiality, to the extent reasonably practicable, notwithstanding that, after investigation, it is shown that you were mistaken. In addition, employees who whistleblowing internally will also be protected against detrimental action for having made the disclosure, to the extent reasonably practicable.

Please refer to the SOGDC Unit Integriti and/or Jawatankuasa Anti Rasuah (JAR) shall you have further enquiries.

10.2 PROCEDURAL MATTERS

10.2.1 Consequences of a Breach

Adherence to this Policy and Guidelines is critical to the smooth running of its business or enterprise and is for the common good of SOGDC and its employees. Any conduct which is not in accordance with the principles set out in this Policy and Guidelines will be dealt according to SOGDC/M/QM01, MACC ACT 2009 and other applicable local laws.

10.2.2 How to Make a Report on any Breach

Any alleged or suspected improper conduct must be disclosed using the procedures provided for in the SOGDC Whistleblowing Policy as adopted for your jurisdiction, a copy of which is available from your Human Resource Department. Detailed procedures on whistleblowing can be obtained at Human Resource Department.

10.3 FURTHER CLARIFICATIONS

Should you require further clarification with regards to this Policy and Guidelines, depending on the subject concerned, you should consult your Human Resource Department or panel lawyer(s) or your Head of Department or Corporate Support Services.

if you require additional information or clarification, please email your queries at info@sogip.com.my.

10.4 REGISTERING ANY CONFLICTS OF INTERESTS, GIFTS AND CORPORATE HOSPITALITY

All conflicts of interests (potential or real) and matters related to giving or receiving gifts / entertainment / corporate hospitality will be registered according to the policies and procedures of the respective Human Resource Department of the said Business. Please liaise with your Human Resource personnel for further information on the procedures for registration.

SABAH OIL & GAS DEVELOPMENT CORPORATION SDN BHD (SODGC)

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