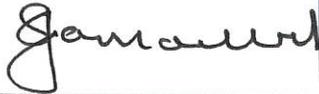




Third Party Engagement Policy

Reviewed by:	Recommended by:	Approved by:
		
Chief Risk, Integrity & Governance Officer	Chairman of Risk Management Committee	Chairman of Board of Directors

PART I: INTRODUCTION

1 S P SETIA'S THIRD PARTY ENGAGEMENT POLICY

- 1.1 Ethics, honesty and integrity are cornerstones of our approach to doing business
- 1.2 Bribery and corruption is strictly prohibited. We take a zero-tolerance approach to all forms of bribery and corruption both within S P Setia and in respect of the actions of our Business Associates which include agents, business partners, contractors, service providers, other third parties, associated persons and etc.
- 1.3 We are committed to upholding the highest ethical standards in our workplace and in all our business dealings and relationships wherever we operate.
- 1.4 We expect that Third Parties will conduct themselves in accordance with S P Setia's values, policies and procedures and the relevant laws relating to bribery and corruption.
- 1.5 To ensure that the highest standards of business integrity are applied, S P Setia conducts risk- based due diligence before entering into a contract with a Third Party to ensure that the Third Party is capable of meeting, and willing to meet, S P Setia's standards.
- 1.6 The purpose of this document is to provide an overview of the compliance due diligence process. This policy applies to all Third Parties engaged or proposed to be engaged by S P Setia.
- 1.7 S P Setia must not engage or pay any Third Party unless the Compliance Due Diligence process set out in this Policy has been successfully completed. If you have any questions or queries in relation to this Policy, please contact the Integrity and Governance Unit (**IGU**) for further guidance.
- 1.8 This policy should be read in conjunction with S P Setia's Anti-Bribery and Corruption policy, Code of Conduct and Business Ethics, Gifts and Hospitality policy, Donations and Sponsorships policy and the Whistleblowing policy and the relevant standard operating procedures (SOP).

2 DEFINED TERMS

- 2.1 **Director** means a Director appointed to a Board of Directors of S P Setia.
- 2.2 **Employee** means any individual working at any level or grade under the management, operation and supervision of S P Setia regardless of the name of the agreement between the parties, including officers, senior managers, trainees, secondees, agency staff, volunteers and interns of S P Setia, whether full- time, part-time, permanent, fixed-term or temporary.
- 2.3 **Head** means in relation to an Employee, the head of business unit, head of support unit, a Divisional General Manager, an Executive Vice President, a Senior Executive Vice President, Chief Operating Officer or Chief Executive Officer, within the Employee's reporting line.

- 2.4 **Integrity and Governance Unit** or **IGU** means the integrity and governance unit of S P Setia and further details of its establishment are set out in the Whistleblowing Policy.
- 2.5 **Public Official** means an individual who: (i) holds a legislative, administrative or judicial position of any kind; or (ii) who performs public duties or exercises a public function for or on behalf of a country or territory (or subdivision thereof) or for any public agency or enterprise (including government linked companies and enterprises, and state-owned or state-controlled companies and enterprises); or (iii) is an official or an agent of a public international organisation (such as the United Nations or similar body).
- 2.6 **Red Flag** means an event, occurrence or circumstance identified during the due diligence process which indicates a potential threat or risk or area of concern to S P Setia. Based on the gathered information and research performed on the Third Party, Red Flags are indications that illegal or improper conduct could possibly occur or could have occurred.
- 2.7 **S P Setia** means S P Setia Berhad and its subsidiaries and any business entity which is directly or indirectly (i) wholly or majority owned; or (ii) controlled; or (iii) managed by S P Setia Berhad, details of which are available at: <https://www.spsetia.com/en-us/corporate/business-performance/investor-relations>.
- 2.8 **Third Party / Third Parties or Business Associates** includes anyone who at any time performs (or who is intended to perform) services for or on behalf of any entity in S P Setia, including anyone who is engaged (by contract or otherwise) or paid to represent any entity in S P Setia such as suppliers, distributors, business contacts, agents, representatives, intermediaries, middlemen, introducers, sponsors, consultants, contractors, advisers, and potentially Public Officials.

3 WHO IS COVERED BY THE POLICY?

- 3.1 This Policy applies to all Employees, Directors and Business Associates wherever located.
- 3.2 Employees, Directors and Business Associates are expected to:
- (a) familiarize themselves and comply with this Policy, other related policies and procedures issued by S P Setia as amended from time to time;
 - (b) participate in any related training provided by S P Setia; and
 - (c) immediately report any actual or suspected bribe, allegation of bribery or corruption or breaches of policies and procedures which come to their attention to their Head or in accordance with the Whistleblowing Policy.
- 3.3 In this Policy, any reference to “you” or “your” means any person subject to this Policy.

4 WHO IS RESPONSIBLE FOR THE POLICY?

- 4.1 The Board of Directors continues to lead S P Setia's anti-bribery and corruption efforts and has overall responsibility for ensuring this Policy complies with S P Setia's legal and ethical obligations. The Board of Directors will provide the necessary leadership, resources and active support for management's implementation of this Policy.
- 4.2 The IGU has primary and day-to-day responsibility for implementing and overseeing this Policy, and for monitoring its use and effectiveness. The IGU shall regularly report to the Risk Management Committee and ultimately the Board of Directors concerning the implementation and effectiveness of this Policy.
- 4.3 The Chief Risk, Integrity and Governance Officer (**CRIGO**) is responsible for reviewing the adequacy of this Policy and regularly reporting on its implementation and matters arising thereunder to the Risk Management Committee and ultimately the Board of Directors of S P Setia, taking into account relevant developments and evolving laws and industry standards. The CRIGO will oversee the development, maintenance and testing of S P Setia's anti-corruption standards and procedures designed to evaluate and improve their effectiveness.
- 4.4 Every Employee of S P Setia and Director acting on behalf of S P Setia is responsible for understanding the Policy. All queries regarding this Policy's interpretation and when and how the rules apply in a given situation should be directed to the IGU.
- 4.5 Management at all levels are responsible for ensuring that those reporting to them are made aware of and understand this Policy and are given adequate and regular training on it. The nature and frequency of the training will vary depending on the role of the individual and the likelihood that such a person or entity will be exposed to corruption issues. All Employees must ensure that they complete any related training that they are required to undertake as directed by S P Setia's Board of Directors and management, from time to time.
- 4.6 Business Associates engaged to perform services for or on behalf of S P Setia is responsible to ensure the related business dealings or transactions are free from bribery, corruption or any forms of misconduct or wrongdoings.

5 VENDOR MANAGEMENT UNIT (VMU)

- 5.1 The VMU is established at Setia group level to facilitate the standardization and centralisation of the assessment and due diligence process of potential as well as existing Business Associates. It acts as intermediary between the BU/Corporate Functions and third party to perform the following functions:
 - (a) Create and maintain database for ALL vendor-related information;
 - (b) Ensure submission of all documents from third parties prior to pre-qualification, calling of tender or direct negotiation such as annual returns, audited accounts, ABC policies etc.;
 - (c) Perform first level assessment on governance and pre-qualification

evaluation. Whilst the interview, site visits, technical/financial assessments will be conducted by the relevant BU or Corporate Functions. VMU may assist in the coordination;

- (d) Maintain all records and streamlined information pertaining to Third Party due diligence and pre-qualification assessments and act as central repository;
 - (e) Provide clearance on governance section prior to BU proceeding with other procurement process; and
 - (f) Facilitate checking on vendor's compliance to other ESG indicators such as labour issues, human rights etc.
- 5.2 Submission of the relevant documents, completion of the documentation, vendor classification and details of the assessment processes will be prepared and updated by the VMU in the related Standard Operating Procedures (SOP).
- 5.3 VMU is responsible for providing guidance and assistance to the BU/Corporate Functions as and when necessary, on matters related to vendor assessment and performance evaluation.

6 MITIGATION

- 6.1 Finding a Red Flag does not automatically mean that S P Setia is prohibited from engaging in the Third Party. However, a Red Flag should not be ignored or left unaddressed by S P Setia. In order to proceed with the Third Party, S P Setia will implement risk mitigation measures (which may vary from case to case based on situation and other considerations at hand).
- 6.2 The Employees responsible for managing the relationship with the Third Party should also be made aware of the potential Red Flags and the necessary steps to mitigate them.
- 6.3 The mitigation actions shall be based on the type and nature of red flags identified following the review of the Third Party. If there is nothing that can be done to mitigate the risk satisfactorily, then the Third Party must be classified as "Red" and S P Setia shall not engage that Third Party.
- 6.4 Wherever necessary, negotiation on specific anti-bribery and corruption contractual such as clauses leading to audit rights, obligations to provide evidence of services provided and contract termination or compensation in case of compliance incidents should be tailored to the contract and relevant jurisdiction.
- 6.5 If a new Red Flag is uncovered during any stage of the engagement, the BU/Corporate Function who engaged the Third-Party services, should raise the concern to the VMU and/or consultation with the IGU. VMU should update the database as and when required inclusive of terminating the vendor from the approved listing.

7 WRITTEN AGREEMENTS

- 7.1 All agreements with Third Parties should be entered into in writing prior to the commencement of work or services.
- 7.2 S P Setia should ensure that agreements with Third Parties contain:
- (a) the scope of services to be provided by the Third Party;
 - (b) the Third Party's duties;
 - (c) the remuneration structure, including basis of commission, and/or payment terms providing clearly how payment shall be made, for example, against work done supported by clearly defined deliverables or progress milestones for work done;
 - (d) the term and conditions of the agreement; and
 - (e) the Third Party's commitment to all applicable laws, including anti-bribery laws, as represented by appropriate contract compliance language/representations and warranties.
- 7.3 Where S P Setia's ability to impose strict contractual safeguards is limited, S P Setia should at a minimum ensure that the Code of Conduct and Business Ethics and Anti-Bribery and Corruption policy are communicated to the Third Party.

8 TRAINING AND AWARENESS

- 8.1 All S P Setia employees who are involved in the engagement of Third Parties will receive training on the Third-Party due diligence process and potential Red Flags that they should look out for.
- 8.2 If you have not received training in the process, but believe that you should, please contact your Head.
- 8.3 Third Parties will be trained on S P Setia's Anti-Bribery and Corruption and other related policies. If such a briefing is provided, this effort should be documented by the IGU.

9 DOCUMENTING THE COMPLIANCE DUE DILIGENCE PERFORMED

- 9.1 The steps conducted as part of the compliance due diligence process on a Third Party shall be properly and systematically documented by VMU for easy retrieval and reference purposes.
- 9.2 Proper documentation is important as it acts as a record of the materials reviewed, the decision made and the reasons relied upon.

10 ONGOING MONITORING AND REVIEW

- 10.1 Once the Third Party has been approved and engaged, the Third Party's conduct and performance will be assessed by the BU/Corporate Functions responsible for the relationship with the Third Party throughout the engagement period.
- 10.2 Details of the performance review or subsequent due diligence of the approved Third Party or Business Associates and the effective frequency will be determined by the relevant SOP.

11 BREACHES OF POLICY

- 11.1 You must ensure that you read, understand and comply with this Policy and the relevant standard operating procedures and that you avoid any activity that might lead to, or suggest, a breach of this Policy or standard operating procedures.
- 11.2 Bribes given or offered by any Third Party carrying out services for S P Setia in order to retain business (or an advantage in the conduct of business) for S P Setia may result in S P Setia being convicted of an offence of failing to prevent that bribery, whether or not S P Setia knew of the existence of the bribe. If you are unsure whether a particular act constitutes bribery, or if you have any other queries, these should be raised with your Head or the IGU.
- 11.3 You should raise concerns about any occurrence or genuine suspicion of misconduct or violation of this Policy at the earliest possible stage by reporting any occurrence or suspicion immediately in writing to the IGU. Please refer to the Whistleblowing Policy for more detailed guidance. Such reports may then be escalated by the IGU to the Risk Management Committee, and ultimately the Board of Directors, as appropriate.
- 11.4 Non-compliance with this Policy may therefore result in severe criminal or civil penalties which will vary according to the offence and which could include imprisonment.
- 11.5 It is a disciplinary offence for you to not comply with the terms of this Policy.
- 11.6 S P Setia has the liberty to inform and cooperate fully with the relevant authorities in relation to any case of bribery or corruption committed by a Third Party.

This policy has been approved by the Board of Directors on 16 May 2024.