



**Sabah International Petroleum**

(Company No. 201401027691 (1103777-V))

# **WHISTLEBLOWING POLICY AND PROCEDURES**



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## **1.0 INTRODUCTION**

### **1.1 Overview**

Sabah International Petroleum Sdn Bhd ("**Company**" or "**SIP**") is committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business affairs and in its workplace.

All employees of SIP Group are expected to act with the highest standard of professional integrity and to comply with all applicable laws, regulations, codes, internal policies and guidance.

### **1.2 Objectives**

- 1.2.1 This Whistleblowing Policy and Procedures ("**Policy**") serves to enhance corporate governance where integrity and ethical behavior is maintained within corporate environment.
- 1.2.2 The aim of Policy is to encourage employees and others who have serious concerns about any aspect of the improper conduct, unethical behaviour, malpractices, illegal acts or criminal offence ("**Wrongdoings**") which could adversely impact SIP or its subsidiaries, its employees, shareholders, investors, or the public at large, to come forward and voice those concerns.
- 1.2.3 The Policy provides the procedures and mechanisms to facilitate –
  - (i) reports by Whistleblowers with serious concerns of any suspected or actual Wrongdoings through a formal and confidential channel;
  - (ii) investigation of such reports by the Prescribed Officer; and
  - (iii) protection against reprisal to Whistleblowers who reported in good faith without fear of being subject to Detrimental Action.
- 1.2.4 The Policy also act as an early warning system and may enable the company to remedy any Wrongdoings before serious damage is caused.
- 1.2.5 The Policy complement other existing policies, procedures and guidelines mainly to combat fraud, malpractices, bribery and corruption in the corporate environment.



## 2.0 TERMINOLOGY AND ABBREVIATION

### 2.1 Terminology

| <b>Term</b>           | <b>Definition</b>  |
|-----------------------|--|
| Detrimental Action :  | (a) action causing injury, loss or damage;<br>(b) intimidation or harassment;<br>(c) interference with the lawful employment or livelihood of any person, including discrimination, discharge, demotion, suspension, disadvantage, termination or adverse treatment in relation to a person's employment, career, profession, trade or business or the taking of disciplinary action; and<br>(d) a threat to take any of the above actions |
| Employee(s)           | Any employee of SIP Group and shall include contract staff, consultants, temporary employees and interns   |
| Policy :              | This Whistleblowing Policy and Procedures including and any subsequent revisions and supplemental Guidelines   |
| Prescribed Officers : | Any senior employees as may be appointed by Chief Executive Officer to conduct investigations under this Policy  |
| Whistleblowers :      | (a) any Employee who has knowledge of Wrongdoings committed by another Employee / Director; and<br><br>(b) any external party i.e. contractors, vendors, suppliers, advisers, members of public that has knowledge of Wrongdoings committed by an Employee / Director,<br><br>who makes a report of Wrongdoings under this Policy.   |
| Whistleblowing :      | Deliberate, voluntary disclosure or reporting of individual or organisational Wrongdoings by a person who has or had privileged access to data, events or information about an actual, suspected or anticipated Wrongdoings within the organisation or by an organisation that is within its ability to control  |



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| <p>Wrongdoings</p> | <p>Any conduct which is of criminal offence, misconduct, malpractice, unethical behaviour, if proved, constitutes :</p> <ul style="list-style-type: none"><li>(a) the breach of any law, regulation or rule that is applicable to SIP Group and breaches of policies and procedures put in place by the Company</li><li>(b) any criminal act, including criminal breach of trust, extortion and sabotage</li><li>(c) any act that is likely to cause significant financial loss or costs to the Group including any intentional misrepresentation of the financial statements</li><li>(d) any breach of ethics as described in the code of conduct or conflict of interest and/or any fraudulent act</li><li>(e) disciplinary offence or criminal offence</li><li>(f) any other action that would cause significant harm to the Group or to any person(s)</li></ul> <p>Wrongdoings may include but not limited to any of the following examples:</p> <ul style="list-style-type: none"><li>• corruption, accepting and giving bribes taking or giving favours, kickbacks, bribes and privileges</li><li>• intentional misstatements arising from fraudulent financial reporting including omissions of amounts or disclosures in financial statements to deceive financial statement users</li><li>• misappropriation / misuse of funds or assets</li><li>• false or misleading records / documents to conceal the fact that the assets are missing or have been pledged without proper authorisation</li><li>• fraud, forgery, theft or embezzlement</li><li>• gross mismanagement</li></ul> |
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| <p>Wrongdoings<br/>(cont'd)</p> | <ul style="list-style-type: none"> <li>• abuse of power by any director or officer for personal gain</li> <li>• serious financial irregularity or impropriety</li> <li>• serious breach of Company's Code of Conduct</li> <li>• omission, misrepresentation or concealment of information which lead to, cause or create a substantial or specific danger to the lives, health, or safety of the Group's employees, the public or the environment</li> <li>• unauthorised disclosure of the company's confidential information</li> <li>• failure to comply with provisions of laws, regulations and directives where the wrongdoer knowingly or intentionally disregards compliance with such provisions</li> <li>• deliberate concealment of information concerning any of the matters listed above</li> <li>• knowingly directing or advising a person to commit any of the above Wrongdoing</li> </ul> <p>Wrongdoing excludes matters which are trivial or frivolous in nature and motivated by malice.</p> |
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**2.2 Abbreviations and Acronyms**

| <b>Abbreviations</b>    | <b>Definition</b>                       |
|-------------------------|---|
| Board :                 | Board of Directors of SIP and the Group |
| CEO :                   | Chief Executive Officer                 |
| SIP / the Company :     | Sabah International Petroleum Sdn Bhd   |
| SIP Group / the Group : | SIP and its subsidiary companies        |



### **3.0 APPLICATION AND REFERENCE**

This Policy is applicable to all Employees and Directors of SIP Group. It does not replace or affect the Company's Code of Conduct or other policies and procedures established or to be established by the Company from time to time.

This Policy shall apply in conjunction with the following and any other applicable laws and regulatory standards including all the subsequent revisions -

- (i) Whistleblower Protection Act 2010;
- (ii) Malaysian Anti-Corruption Commission Act 2009;
- (iii) Malaysian Code on Corporate Governance 2017;
- (iv) Policy Document issued by Bank Negara Malaysia on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions & Non-Bank Financial Institutions which sets out:
  - obligations of reporting institutions (legal entities, institutions and persons) with respect to the requirements imposed under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001;
  - implementation of a comprehensive risk-based approach in managing money laundering and terrorism financing risks; and
  - requirements on targeted financial sanctions.
- (v) Internal Policies and Procedures, Code of Conduct, Employment Terms and Conditions of Service.

### **4.0 GENERAL PRINCIPLES AND COMMITMENTS**

The principles underpinning the Policy are as follows, the Company will ensure:

- all disclosures will be treated fairly and properly, and addressed in an appropriate and timely manner;
- not to tolerate harassment or victimization of anyone raising a genuine concern;
- any employee making a disclosure will retain anonymity unless he/she agrees otherwise;



- any employee raising a concern is aware of who is handling the matter; and
- no one will be at risk of suffering some form of reprisal as a result of raising a concern even if the employee is mistaken. However, this assurance does not extend to someone who maliciously raises a matter he/she knows is untrue or could reasonably have known is untrue.

## **5.0 POLICY OWNER**

- 5.1 The Board of SIP has overall responsibility for this Policy and shall oversee the implementation of this Policy. The Board may delegate the day to day responsibility for the administration and implementation of the Policy to the CEO.
- 5.2 The use and effectiveness of this Policy shall be regularly monitored and reviewed periodically by the Chief Internal Auditor to ensure it remains relevant with the Group's changing business environment, administrative or operational needs as well as changes to legislations. Any amendment that may be required shall be recommended to the Board for consideration and approval.
- 5.3 Group Secretarial shall be responsible for the formalization of this Policy and any revision thereof to reflect actual practice and ensure it remains relevant with the changing business environment. Group Secretarial being the custodian of this Policy will be responsible for obtaining approval from the Board for implementations, incorporating any amendments and updates into this Policy.
- 5.4 The Policy including any revisions and amendments to this Policy will be communicated by the Chief of People and Organisation to all employees of SIP Group for adherence.

## **6.0 REPORTING PROCEDURE**

### **6.1 Who Can Report**

Any Whistleblower(s) who believes reasonably and in good faith that suspected incident of Wrongdoings exists within SIP Group or committed by Employee or Director.





## 6.2 What to Report

A report can be made where it relates to any conduct which constitutes a Wrongdoings by any Employee or Director within SIP Group by specifying

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- (a) Details of the person(s) involved;
- (b) Details of the allegations such as nature, time and place;
- (c) Details of witnesses;
- (d) Other relevant information;
- (e) Contact details of Whistleblower; and
- (f) Any supporting evidence which may help in substantiating the report, for instance documentary record, audio recording and photo.

The "***Form of Report by Whistleblower of Wrongdoings***" (attached herewith as **Appendix A**) may be used.

## 6.3 How to Report

A report of Wrongdoings must be in writing to the following persons by letter deposited at the Registered Office or via email to [whistleblower@sabahintpetroleum.com](mailto:whistleblower@sabahintpetroleum.com) -

- (i) Chief Internal Auditors;
- (ii) Company Secretary;
- (iii) Chairman;
- (iv) If Wrongdoing involves the Chairman, to the Independent Director.

The aforesaid persons shall be responsible to monitor the report sent to [whistleblower@sabahintpetroleum.com](mailto:whistleblower@sabahintpetroleum.com).

## 6.4 When to Report

As soon as the Whistleblower becomes aware and reasonably believes in good faith that a Wrongdoing is likely to happen, is being committed or has been committed, the Whistleblower is encouraged to make a report of the Wrongdoing.

The Whistleblower needs to demonstrate that the Whistleblower has reasonable grounds for the concerns. However, the Whistleblower is not expected to first obtain substantial evidence of proof beyond reasonable doubt when making a disclosure.

If the Whistleblower knows as a matter of fact that there are reasonable grounds of suspicion that a Wrongdoing is going to take place, such genuine concerns is encouraged to be raised at an early stage.



#### 6.5 Report by External Party

A summary of this Policy together with the above Reporting Procedure shall be posted on SIP's website for an external party to report the Wrongoings by an Employee or Director. The Procedures shall include the "Form of Report by Whistleblower of Wrongoings" (attached herewith as **Appendix A**).

Any external party intending to lodge a report of Wrongoings by an Employee or Director may do so by sending a report in the prescribed form in accordance with the Reporting Procedure.

The report received from any external party will be dealt with according to the investigation procedures under this Policy.

### **7.0 PROCEDURE FOR DEALING WITH WHISTLEBLOWING REPORT**

The process for dealing with the concerns raised by the Whistleblower involves four (4) main components as detailed out below -

- (i) preliminary screening
- (ii) Initial assessment
- (iii) full investigation
- (iv) report closure

It is intended that the disclosures by the Whistleblower will be acted upon in a timely manner. Depending on the nature, seriousness and complexity of the allegation made, the procedures bring to the closure for each report made shall be kept within two (2) months duration.

#### **7.1 Preliminary Screening**

7.1.1 The persons (under item 6.3 above) who receives the report shall hand over the report to Prescribed Officers to assess the report to determine whether it is related to a Wrongdoing or excluded from the scope of this Policy.

7.1.2 The report if deemed within the scope, the Prescribed Officer shall appraise its authenticity and may obtain additional information or seek clarification from the Whistleblower and make general recommendations to the Chairman.

7.1.3 The details of the whistleblowing report will be entered into a log book.



7.1.4 The log book together with the reports from Whistleblowers, investigation reports and the corresponding supporting documents, outcome of the investigations and decisions thereof shall be retained in People and Organisation Department for a period of at least seven (7) years under the custodian of appointed authorised personnel. It shall be treated as highly confidential documents and kept under a secured lock. The access or release of any related documents shall be at the discretion of the Chairman upon request.

## **7.2 Initial Assessment**

7.2.1 The Chairman may designate Prescribed Officers, any person from the Group or external party, to examine if it warrant full detail investigation or to carry out any other process pursuant to this Policy.

7.2.2 The following criteria shall be considered during the initial assessment –

- (i) estimated cost and value;
- (ii) threat to safety and security;
- (iii) reputational impact;
- (iv) criminal elements;
- (v) level of seniority of alleged wrongdoer;
- (vi) harm to SIP Group or public interest; etc.

7.2.3 The relevant personnel within SIP Group, external legal advisers or any professional body may be consulted to arrive at the findings.

7.2.4 Base on the findings of the initial assessment, the Chairman has the authority to make the final decisions including, but not limited to, any of the following:

- (a) rejection of the report and instruct the matter be closed in the event the initial assessment clearly indicate that there are no circumstances that warrant investigation or if appropriate and applicable, resolution without recourse to full investigation;
- (b) directing the concerns or any part thereof for consideration under other internal procedures or disciplinary procedures,
- (c) directing full investigations on the report and any persons involved or implicated;
- (d) directing disciplinary action be taken against any Employee wrongdoers, in accordance with the procedures for disciplinary action stipulated in the employees manual (TACOS).
- (e) suspending the alleged wrongdoer or any other implicated person from work to facilitate any fact finding or to avoid any employee's exposure to threat or harm;



- (f) obtaining any other assistance (for instance, external auditors or legal advice);
- (g) referral to the police or any other appropriate enforcement authority; and
- (h) instruct implementation of appropriate control measures.

### **7.3 Full Investigation**

- 7.3.1 If the findings of the initial assessment clearly indicate suspicious circumstance, the Chairman will instruct the Prescribed Officers or any competent person to commence a full investigation.
- 7.3.2 In the event where the CEO is not involved. The Chairman may delegate the oversight of the investigation and review of results of the investigation to the CEO.
- 7.3.3 If the Wrongdoing involves the Chairman, the report shall be made to another Director of SIP (preferred an Independent Non-Executive Director) who shall refer this to the Board of Directors.
- 7.3.4 The Board of Directors shall then authorise a SIP director to be responsible for the investigation and recommendation to the Board of Directors. The Board of Directors shall have the authority to make the final decisions regarding the disclosure of Wrongdoing.
- 7.3.5 The Whistleblower and the alleged wrongdoer are expected to give their full cooperation in any investigation or any other process carried out pursuant to this Policy. They may be asked to attend a meeting to discuss the allegations and must take all reasonable steps to attend the meeting. At the appropriate time, the Whistle-blower making the disclosures may need to come forward as a witness.
- 7.3.6 The alleged wrongdoer will be given an opportunity to answer the allegations at the meeting.
- 7.3.7 If the Whistleblower is implicated or discovered to be or have been involved in any Wrongdoing, the Whistleblower may also be investigated so as to complete the fact-finding process. An investigation in this instance is not and shall not be treated as a reprisal against the Whistleblower, but to facilitate decision making.
- 7.3.8 The investigation team shall be given unfettered access to all books and records, and personnel of the SIP Group to assist their investigations.
- 7.3.9 The findings of the investigation to be tabled for the Chairman's review and decision shall include –



- (i) modus operandi of the perpetration;
- (ii) the amount involved;
- (iii) impact to the Company / public interest;
- (iv) identified wrongdoers and the extent of their involvement;
- (v) root causes contributing to the Wrongdoings;
- (vi) related internal control weaknesses;
- (vii) corrective actions to mitigate the risk or recurring; and
- (viii) recommendations for Chairman's consideration.

7.3.10 The Whistleblower or any person who is involved in the investigation process, shall not disseminate to third parties information regarding the Wrongdoing or any part thereof, including the status or outcome of an investigation into it, except:

- to those who are authorised under this Policy;
- by lodging a report with an enforcement agency in accordance with the Whistleblower Protection Act 2010 or any other prevailing law;
- if required by law; and
- on a strictly confidential basis to a professionally qualified lawyer for the purpose of obtaining legal advice.

7.3.11 The Whistleblower shall not:

- contact the suspected wrongdoers to determine facts or demand restitution; and,
- discuss the case, facts, suspicions, or allegations with anyone except to assist in the investigations.

7.3.12 Subject to the results of the investigation, the Chairman may request for additional evidence or information or if deemed necessary, instruct to commence a fresh investigation by the same or new Prescribed Officers, or any competent person as appointed.

## **7.4 Report Closure**

7.4.1 Upon concluding the investigation and if the allegation is substantiated, the Chairman may instruct disciplinary action to be taken in accordance with employee manual as advised by the Chief of People & Organisation. Where applicable, appropriate controls may be instituted to prevent any further Wrongdoings or damage.



- 7.4.2 The Chairman in consultation with the legal advisors shall refer the findings of investigation to the competent authority if the allegations involved criminal offence.
- 7.4.3 The Management shall carry out the decisions of the Board of Directors or the Chairman in relation to the findings of the investigation.
- 7.4.4 The Whistleblower has the right to know the person in charge of the investigation and the processes of the investigation of his or her report.
- 7.4.5 With the Chairman's consent and as permissible under the applicable laws, the Whistleblower may be notified of the outcome or action or decision taken by the Company as soon as practicable when the investigation is concluded.
- 7.4.6 The Whistleblower if unsatisfied with the outcome of investigation may provide additional evidence or information and/or institute a fresh report of the Wrongdoings.

## **8.0 PROTECTION TO WHISTLEBLOWER(S) AND REVOCATION OF PROTECTION**

- 8.1 Upon making a report in accordance with the procedures pursuant to this Policy,
- (i) the Whistleblower shall be protected from Detrimental Action as a direct consequence of the Whistleblower's disclosure;
  - (ii) the Whistleblower's identity shall be protected, i.e. kept confidential unless otherwise required by law or for the purpose of any proceedings; and
  - (iii) Whistleblower who has witnessed a corruption activity will be considered as a witness and will be protected under the Witness Protection Act 2009.
- 8.2 Any report of Wrongdoings made in good faith, even if it is subsequently not confirmed by an investigation shall be eligible for protection under this Policy.
- 8.3 The grants of protection is subject to the following:
- (i) the disclosure is made in good faith;
  - (ii) the Whistleblower reasonably believes that the information, and any allegations contained in it, are substantially true; and
  - (iii) he/she is not acting for personal gain or agenda.



- 8.4 The protection accorded to a whistle-blower may be revoked if:
- (a) the Whistleblower participated in the Wrongdoings;
  - (b) the Whistleblower wilfully discloses a false statement;
  - (c) the disclosure is made with malicious intent;
  - (d) the disclosure is frivolous or vexatious; or
  - (e) the disclosure is made solely or substantially with the motive of avoiding dismissal or other disciplinary action.
- 8.5 The Company views seriously any false, malicious or defamatory allegation. This can be considered as gross misconduct where appropriate disciplinary measures include formal warning or reprimand, demotion, suspension or termination of employment or services or monetary or other forms of punishment may be taken by the Company.

## **9.0 ADHERENCE TO WHISTLEBLOWING POLICY**

If an Employee or external party wishes to make a disclosure or report of Wrongdoings pursuant to Whistleblower Protection Act 2010, then the reporting Whistleblower will have to make the said disclosure of Wrongdoings to the relevant Enforcement Agency. Any investigations and/or actions taken thereafter would be in accordance with the applicable laws and are independent of the procedures described in this Policy.

Whilst the Company respects the rights of Employees to directly make reports of Wrongdoings of an Employee or Director to an Enforcement Agency, the Company advises and urges the Employees to come forward to the Company first so that the Company can remedy any Wrongdoings at early stage to prevent any serious damage to the Company.

The whistleblowing policy is increasingly seen to be a critical element of the internal control system and corporate governance of organisations. The Company encourages employees harness on this effective platform that helping to create strong values, a culture of compliance and an ethical workplace.

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