



# INTEGRITY PACT POLICY

## 1. BACKGROUND

Duopharma Biotech Berhad (“Duopharma Biotech” or the “Company”) is committed to achieving the highest standards of ethical conduct and complying with all applicable laws in the countries where it conducts business.

Integrity Pact (IP) was developed by Transparency International (TI) in the 1990s, to assist Governments, Business Institutions and the Public to curb corruption. The main objective of the IP is to signify and commit vendors and suppliers to adhere to ethical behaviour and to create a business environment that is free from corruption in tandem with the Anti-Corruption Principles for Corporations.

By signing the IP, Duopharma and its suppliers conforms to a bilateral agreement that it will not commit corrupt acts, will work toward creating a business environment that is free from corruption and will uphold the Anti-Corruption Principles in the conduct of its business and in its interactions. Although the existing laws forbid improper conduct, the persistence of corruption and abuse of power in procurement practices show the need to develop mechanisms that increase compliance with the law. In this sense, the IP does not duplicate the law, but enables its compliance by levelling the playing field, and assuring the contenders that all will behave under the same conditions.

## 2. OBJECTIVES OF INTEGRITY PACT

- To enhance transparency in Duopharma Biotech’s procurement approach which will reduce and eradicate corrupt practices.
- To avoid bidders from offering or giving bribes.
- To avoid Duopharma Biotech employees from receiving bribes.
- To require bidders to report any bribery/ act of corruption to the Group Internal Audit & Integrity or relevant authorities.
- To ensure Duopharma Biotech does not incur unnecessary cost in carrying out Duopharma Biotech’s procurement activities.

### **3. BENEFITS OF IP**

- Further instilling Integrity, which is one of the Group's Core Values, in the stakeholders that Duopharma Biotech deal with;
- Enhanced access to information, which increases the level of good governance and integrity in procurement;
- Greater trust and confidence in the credibility and reputation at managing the procurement process;
- Reduce / eliminate opportunities for bribery, abuse of power & misappropriation of resources in the procurement process;
- Create a signed undertaking on the part of the bidders (vendors & suppliers) and employee engaged in the procurement to refrain from getting involved in corrupt practices throughout the procurement process; and
- Will be of an importance to all Corporations to safeguard their interest subsequent to the implementation and enforcement of the Corporate Liability Act.

### **4. SCOPE AND EXEMPTIONS**

Integrity pact will be applied in the procurement / tender and activities:

- i. Value equals to or exceed RM5,000.00 on a single Purchase Order (PO) or in multiple PO's.
- ii. With a contract period of more than 3 months.

The Integrity Pact will not apply for payments made to Utilities Company i.e. (Tenaga Nasional Berhad, Syarikat Bekalan Air Selangor and Department of Energy Philippines), Authorities and Local Government.

### **5. CUSTODION OF THE IP**

The respective Procurement / Purchasing function will be the custodian of the Integrity Pact. All new suppliers registered with the Company would need to sign the Integrity Pact. Group Internal Audit & Integrity would conduct an annual review on the IP to ensure adequacy and completeness.

## 6. SANCTIONS

The Integrity Pact provision is compulsory to all suppliers. Failure to comply, the following sanctions will be imposed to vendors / employees: -

- Loss or denial of contract;
- Forfeiture of the bid performance bond;
- Liability for damages;
- Blacklisting of the contract at the side of the bidders; and/or
- Criminal or disciplinary action against employees of the Company.

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