

# **MBC Anti-Bribery & Corruption**

## **Policy and Procedures**

## Introduction

Max Biocare Pty Ltd (MBC) is a health solutions provider with emphasis on research and development in the design and formulation of evidence-based complementary medicines. To achieve this objective, MBC is committed in maintaining high standards of ethics and integrity, public confidence and good corporate governance with assurance that their employees are not influenced by bribery or corruption. MBC is subjected to statutory requirements to reduce the extent to which the Australian financial system may be used to further bribery and corruption.

MBC assess their exposure to bribery and corruption risks on an ongoing basis, and ensures to establish, implement, maintain policies and procedures to mitigate these risks. The policy statements and procedures set out below establish how MBC seeks to mitigate and manage the risks identified while performing that assessment. Any failure on to maintain and adhere to appropriate risk-based anti-bribery and corruption procedures may result in enforcement action against MBC.

As an Australian based incorporated company that operates globally (Australia, Singapore, South East Asia), MBC is subjected to the requirements of the Criminal Code Act (1995), the Prevention of Corruption Act (1960) as well as additional legislation set out in Section 1 of this document. Any breaches of the provisions of these Acts would result in criminal charges which would consequentially result to a significant reputational damage and a fall in public confidence leading to a decrease in business.



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## 1. Policy Statements

MBC is committed in preventing bribery and corruption. We expect all relevant persons to abide to following policies as stated below.

- Senior management takes ultimately responsibility for compliance with MBC Anti-Bribery and Corruption (ABC) policy, but all members of staff are expected to be aware of this policy and play their role to ensure that bribery and corruption are not allowed to take place within the business.
- We will be aware of the risks associated with bribery and corruption and of the legal requirements imposed upon us.
- We will communicate our anti-bribery and corruption stance internally and provide regular training to all staff to ensure that they understand how we mitigate the risk of bribery and corruption within our business.
- We will review and assess the bribery and corruption risks to our business at least annually.
- We will discharge our duties in relation to the prevention of bribery and corruption in the clearest possible way and to the highest possible standards.
- We will establish and maintain appropriate risk-based policies and procedures.
- We will not accept business from potential partners, customers and/or distributors or engage with third party suppliers if we have grounds to believe that they may be involved in or linked to any acts of bribery or corruption.
- We will perform appropriate and proportionate due diligence on members of staff, contractors and third party suppliers and distributors at take-on and on an ongoing basis.
- We will conduct ongoing monitoring of our anti-bribery and corruption policies and procedures and adherence to these to ensure that they remain appropriate and proportionate to our business.



## 2. Legislation & Offences applicable to MBC's Activities

MBC has deemed the following sections of legislation relevant to its activities based on country of incorporation, business activity and nationality of employees.

### 2.1

#### The Criminal Code Act (1995) (CCA)

The CCA criminalises a wide range of activity and applies to domestic bribery, bribery of foreign and public officials, Commonwealth Officials as well as all Australian citizens including persons and entities present in Australia.

Individuals, corporations and officers of firms can be found guilty of offences with penalties ranging from 10 years in prison for individuals to fines of A\$17 million or a percentage of annual turnover.

### 2.2

#### The Prevention of Corruption Act (1960) (PCA)

The Prevention of Corruption Act is Singapore's primary legislation relating to bribery and corruption. The PCA broadly prohibits the giving, receiving, offering, promising or soliciting of a gratification. The definition of a 'gratification' in the PCA is broad and includes but is not limited to money, gifts, property as well as commissions.

The PCA is applicable to all corporate entities operating in Singapore, as well as to Singaporean citizens and corporations operating abroad.

The punishment for individuals in relation to corruption can be up to five years in prison as well as a fine of up to S\$100,000. The penalty for bribery of a Member of Parliament as well as more serious offences can carry a sentence of up to seven years.





## 2.3

**The UK Bribery Act (2010)**

The Act was drafted in response to international criticisms of the UK's existing anti-bribery laws. One of the principal criticisms of these was that they made it difficult for UK courts to prosecute businesses which failed to prevent bribery being committed by their employees. To address this concern, the Act created a new 'corporate offence' (see below).

The four offences under the Act are:

- Offering, promising or giving a bribe (active bribery)
- Receiving or agreeing to receive a bribe (passive bribery)
- Bribery of a foreign public official
- Failure on the part of a commercial organisation to prevent bribery (the 'corporate offence').

The maximum penalty for giving and receiving bribes and the bribery of a foreign public official is a ten-year prison sentence and/or a fine. The maximum penalty for failure on the part of a commercial entity to prevent bribery is an unlimited fine.

It is also important to note that the Act is extraterritorial, meaning that the offence is committed irrespective of whether the acts or omissions which form part of the offence take place in the UK or elsewhere.

Additional guidance on the Act is available from the Ministry of Justice.

## 2.4

**The Foreign Corrupt Practices Act (1977) (FCPA)**

The primary provisions within the FCPA relating to anti-bribery and corruption relate to the bribery of foreign officials. The FCPA is applicable to a wide array of people or entities who have a connection with the USA, including individuals who are citizens, nationals or residents of the US, whether or not they are physically present in the US, and business entities organised under the laws of a US jurisdiction or with their principal place of business in the US.

It is important to note that whilst in some situations the FCPA will permit the payment of facilitation payments (such as "a gratuity paid to a customs official to speed the processing of a customs document"), MBC does not permit any such payments.

Additional guidance on the Act is available from the US Department of Justice. FCPA also publishes a list of previous enforcement actions.

## 3. Application of this Policy

This policy applies to the following:

- All employees, including senior management
- All contract staff

In the case of agents and other associated persons (defined as anyone who performs services for or on behalf of MBC which can include but not limited to manufacturers, distributors, contractors and suppliers). MBC will either require the agent or associated person to comply with this policy or take steps to ensure that they have their own equivalent policy with which they abide.

Breaches of this policy by any person to whom it applies will be dealt with severely and those responsible for them will be subjected to disciplinary proceedings. We will view all breaches as instances of gross misconduct and will deal with these in accordance with our disciplinary procedures.

## 4. Ownership of this Policy

This policy is owned by MBC's senior management who takes full responsibility for our anti-bribery and corruption stance.

MBC's senior management has delegated day-to-day responsibility for adherence to the policies and procedures to the MBC Ethics & Compliance Committee. Senior management retains oversight of our adherence to the policies and procedures by regularly receiving and reviewing management information in relation to:

- Training completion
- Results of post-training assessments
- Staff vetting results (new starters and existing staff)
- Outcome of criminal and credit checks
- Output of anti-bribery and corruption compliance monitoring
- Gifts and entertainment/hospitality given and received
- Third party payments made and the rationale for these
- Results of due diligence conducted on third parties
- Whistleblowing reports
- Breaches
- Number of third party relationships
- Number of high risk third party relationships
- Number and nature of relationships with politically-exposed persons (PEPs)



## 5. Monitoring & Review

To ensure that our procedures remain appropriate to the risks that we face as a company and that they are adhered to, we conduct ongoing monitoring in the form of:

- Annual compliance reviews including monitoring of adherence to anti-bribery and corruption policies and procedures
- Ongoing monitoring and review of all payments out
- Cross-checking expenses payments against the Gifts & Hospitality recorded in Code of Conduct Register to ascertain whether all relevant gifts and expenses have been accounted for
- Root cause analysis on any breaches
- Interviews of relevant staff to gauge their understanding of and adherence to our policies and procedures
- Annual reviews of the Code of Conduct Register
- Reviews of the due diligence conducted on new third parties (including suppliers, distributors, contractors, agents, etc.) prior to take-on, including the rationale for establishing the relationships
- Rolling reviews of the due diligence obtained on existing third parties and their activities to ensure that this remains appropriate and whether a case still exists for maintaining the relationship
- Ongoing reviews of the activities of any employee, agents and/or associated persons who are associated with PEPs or who may present a higher risk of bribery and corruption

The outcome of any monitoring undertaken will be provided to senior management. They will be involved in guiding any remedial action required to address inadequacies identified based on monitoring undertaken.

## 6. Responding to Bribery & Corruption Events

6.1

### Internal Events

Where we identify that an instance of bribery or corruption has taken place, we will take all actions necessary to determine the underlying cause of the incident and to address this. Senior management will be responsible assessing whether to report them to the appropriate authorities as well as managing communications with the appropriate authority.

Depending on the nature of the breach, disciplinary action may be taken against any individual(s) identified as responsible. In severe or systemic cases, this may result in dismissal or possible criminal prosecution.

6.2

### External Events

External bribery or corruption events may include prosecutions, regulatory enforcement actions taken against third parties and the publication of reports relating to levels of bribery and corruption in the jurisdictions in which we do business.

To ensure that our ABC policies remain adequate and appropriate, we undertake to review the following as applicable:

- Bribery and/or corruption-related enforcement actions
- Related enforcement actions taken by other regulators to which we are subject
- Transparency International publications, including its Corruptions Perceptions Index
- Relevant Financial Action Task Force (FATF) typology reports
- Industry publications and guidance

## 7. Staff Recruitment & Vetting

To mitigate the risk of employees exposing MBC to increased bribery and corruption risks, we may undertake checks on new and existing employees as outlined below:

New staff (prior to take-on)	Existing staff (annually post-take-on)
Criminal record checks	Criminal record checks
Credit checks	Credit checks
Personal references	PEP checks
Employment references	Sanctions checks
ID checks (in accordance with AML Procedures)	
PEP checks	
Sanctions checks	

7.1

### Conditions of Employment - New Staff

The take-on of new staff will be conditional on the outcome of the above tests.

Where new staffs are recruited through employment agencies, we will request evidence of the above tests having been undertaken and favourable results obtained before making any formal offers of employment.

7.2

### Conditions of Ongoing Employment - Existing Staff

In the case of existing staff, unfavourable test results will be dealt with by senior management and action taken in accordance with their judgement.

7.3

### Agency, Contract & Temporary Staff

We expect agency, temporary and contract staff to have been subjected to the same checks as all other employees prior to joining the company. We request confirmation of this from recruitment agents prior to take-on. Where these checks have not been performed by recruitment agents, MBC will perform these checks on any such persons.

## 8. Remuneration

Remuneration practices which only reward new business and/or sales figures may encourage risk-taking behaviour including the giving or receipt of bribes and/or the making of facilitation payments. To mitigate this risk, the remuneration structures in place at MBC incorporate the following:

- At least half of every employee's remuneration will be fixed.
- Variable remuneration for each employee will be determined by the Board of MBC either in its unqualified discretion or by reference to a number of performance measures (to be approved by the Board) that relate to both qualitative and quantitative measures of the performance of MBC and the employee's own performance and conduct.

## 9. Communication & Training

### 9.1

#### Communication

We are committed to communicating our anti-bribery and corruption policies and procedures on a regular basis to our employees. We believe that regular and consistent communication will help to embed our anti-bribery and corruption procedures internally.

### 9.2

#### Training

In addition to communicating our policies and procedures to staff, we are also committed to providing our employees with regular training. This ensures that they have the requisite knowledge and skills to be able to recognise potential instances of bribery and corruption and apply our policies and procedures correctly.

All new staff should read and be able to understand Mbc internal policies. They are required to fill up Mbc policies employee declaration form and submit it to MBC Ethics & Compliance Committee.

## 10. Risk Assessment

In line with applicable bribery and corruption legislation we have adopted a risk-based and proportionate approach to the prevention of bribery and corruption. To be able to implement a risk-based approach to the prevention of bribery and corruption we have first conducted a risk assessment to assess the bribery and corruption risks within our business.

Details of our risk assessment process and other elements of our risk-based approach to bribery and corruption prevention are provided below.

#### Risk assessment process

Oversight of the effectiveness and implementation of our anti-bribery and corruption policies and procedures, including the operation of the risk-based approach, is the responsibility of senior management and the MBC Ethics & Compliance Committee. Senior management decide upon our overall approach to the prevention of bribery and corruption in line with our business's risk tolerance.

Senior management must have oversight of the risk assessment and must ensure that an appropriate amount of resource is given to its completion. The risk assessment must identify internal and external sources of information which will assist us in categorising the bribery and corruption risks to MBC. Internal sources may include management information relating to employees' completion of anti-bribery and corruption training or results of reviews of third party relationships. External sources may include Transparency International's Corruption Perceptions Index to assist in identifying higher risk jurisdictions or results of reviewing anti-bribery and corruption procedures in place in partner firms.



MBC's bribery and corruption risk assessment takes into account the following external factors:

- The jurisdictions in which we operate
- The jurisdictions in which our manufacturers, suppliers and distributors reside
- The jurisdictions in which our associated persons reside
- The industries in which we operate and/or with which we have links
- The types of transactions we deal in
- The nature of any business partnerships, joint ventures and intermediary partnerships
- The nature of any projects in which we are involved
- Any other risks which we identify as possibly arising in the course of our usual business

MBC also consider relevant internal factors, including:

- The provision of staff training and testing of the effectiveness of training
- Our remuneration policies, and whether they are likely to result in risk taking being rewarded
- The appropriateness of our corporate gifts and hospitality policy
- The appropriateness of any charitable or political donations which we make as an organisation
- The transparency and effectiveness of our financial controls
- The clarity of message received from senior management with regards to bribery and corruption prevention
- Any other relevant internal factors which we may consider having a bearing on our bribery and corruption risk profile

Once completed, the risk assessment is accurately and appropriately documented, and is reviewed on an ongoing basis in light of any changes within our business, for example if we begin to operate in a new, higher risk sector or jurisdiction. Irrespective of this, our bribery and corruption risk assessment is reviewed and revised as appropriate at least annually.

## 11. Due Diligence

**Mitigating the risks related to our ‘associated persons’**

Associated persons are persons who provide services either for us or on our behalf. The risks associated with our internal associated persons (i.e. employees and other staff) are mitigated by the procedures set out above. External associated persons can include outsourced service providers, IT providers and, in certain circumstances, joint venture partners. We have considered the risks associated with our associated persons in the course of our risk assessment and have implemented adequate procedures to mitigate these. Our due diligence procedures are set out below.

Category of associated persons	Due diligence to be applied	Frequency
Suppliers (including external consultants, IT providers, raw materials providers, contract manufacturers, contractors etc.)	Background checks	<ul style="list-style-type: none"><li>• Prior to engagement</li><li>• Annual review</li></ul>
	Ensuring contract wording explicitly states that we may terminate our relationship should we ascertain that the supplier is or has been involved in bribery or corruption while acting as our associated person	<ul style="list-style-type: none"><li>• Prior to engagement</li><li>• Annual review</li></ul>
	Checks for negative media	<ul style="list-style-type: none"><li>• Prior to engagement</li><li>• Annual review</li></ul>
	Review of supplier’s own anti-bribery and corruption policies and procedures	<ul style="list-style-type: none"><li>• Prior to engagement</li><li>• Annual review</li></ul>
	PEP checks	<ul style="list-style-type: none"><li>• Prior to engagement</li><li>• Annual review</li></ul>
	Obtaining references	Prior to engagement

## 12. Risks associated with our Regional Distributors

12.1

**Risk of distributors accepting bribes**

We are aware that there is a risk of our distributors accepting or offering bribes in return for placing business with us.

We mitigate this risk by seeking to reduce the risk of our employees accepting bribes from potential and/or existing distributors via the controls set out in this document.

We mitigate the reputational risk of doing business with potentially corrupt distributors by applying appropriate levels of customer due diligence (CDD) as set out in our AML Procedures.

12.2

**Risk of distributors using our products/services to launder the proceeds of bribery and corruption**

We are also aware that there is a risk of our distributors using our products, services and platform to launder the proceeds of corruption. You should refer to our AML Procedures for details of the PEP checks and enhanced due diligence (EDD) which we apply to distributors on a risk-sensitive basis to mitigate this risk.

## 13. Gifts & Hospitality

None of the legislation to which we are subject (detailed in Section 2 of this document) seeks to prohibit the offering of gifts, hospitality or promotional expenditure. However, we are required to ensure that any gifts, hospitality and/or promotional expenditure offered or given by us are not intended to promote corrupt or inappropriate behaviour on the part of the receiver.

Staff may not offer, give, solicit or accept, any gift, hospitality, or other benefit or inducement (financial or non-monetary) that impairs compliance with our duty to act in the best interests of our distributors or associated persons. A gift or hospitality must be consistent with generally accepted business practice, must be of reasonable value under the circumstances, cannot be construed as a bribe or a payoff, and must not violate any law or ethical standard.

We have strict guidelines dictating what we as a company consider being appropriate in terms of gifts, hospitality and promotional expenditure and the procedure that must be followed.

## 14. Political Donations

Our policy is not to make political donations.

## 15. Incident Reporting

Suspected instances of bribery or corruption should be reported internally to enable them to be assessed by the MBC Ethics & Compliance Committee and senior management.

Where senior management consider sufficient grounds to suspect that an instance of bribery or corruption may have taken place, they will report the incident to the relevant authorities (for example in Australia to the Crime and Corruption Commission (CCC) or in Singapore to the Corrupt Practices Investigation Bureau (CPIB)) and cooperate fully with any subsequent investigation into the incident. They will also take disciplinary action against the individual concerned.

Where senior management and the MBC Ethics & Compliance Committee are unable to establish with any certainty that an instance of bribery or corruption has taken place it will be at their discretion to decide whether to report the incident to the relevant authorities. The details of any decision to, or not to report a potential instance of bribery or corruption to the relevant authorities will be recorded in writing.



## 16. Standard Requirements of MBC Employees, Temporary & Contract Staff

- MBC employees, temporary and contract staff shall not offer, promise or make any payment or transfer anything of value, including the provision of any service, money, gift or hospitality or any other advantage, to anybody (including Public Officials) for the purpose of obtaining or retaining business or for any other improper purpose.
- MBC employees, temporary and contract staff shall not request, agree to receive or accept anything of value, including the provision of any service, money, gift or hospitality or any other advantage for an improper purpose or improper performance of an activity.
- MBC employees, temporary and contract staff shall make themselves aware of:
  - The relevant bribery laws where they work and undertake anti-bribery training that is provided by MBC; and
  - The corruption risks where they work in order to understand where they may be subject to unethical approaches and to be prepared should this happen. The MBC Ethics & Compliance Committee can provide assistance on this.
- In the event that MBC employees, temporary and contract staff are asked for a facilitation payment or requested for/offered a bribe, while carrying out duties for MBC, it shall politely refused stating that it would breach MBC policy and the law. The only exception is where an MBC employee, temporary and contract staff considers that there may be an immediate safety or security risk to themselves or others by not complying with the request.
- All offers of bribes, requests for bribes or facilitation payments and any payments shall be reported as soon as possible, using the form provided which should be sent to the MBC Ethics & Compliance Committee.
- The MBC Ethics & Compliance Committee will review the anti-corruption reporting forms to determine whether any action is required, document any action taken and inform Senior Management as appropriate.
- The MBC Ethics & Compliance Committee will retain copies of the anti-corruption reporting forms in accordance with MBC document retention requirements.
- The Appendix provides a form which shall be used to report any attempted or actual corrupt approaches.
- MBC employees, temporary and contract staff shall seek to incorporate anti-bribery provisions into all contracts with third parties.
- MBC employees, temporary and contract staff shall use their influence with our contractors and joint venture partners to:
  - Implement adequate policies and procedures to prevent bribery; and
  - Promote high ethical standards throughout the supply chain
- MBC employees, temporary and contract staff must report promptly if they have reason to suspect that there has been a breach, or a potential breach of this Standard by MBC employees, temporary and contract staff or anyone associated with MBC (such as its partners or contractors).



## Appendix

Anti-Corruption Reporting Form

ANTI-CORRUPTION REPORTING FORM		
CONFIDENTIAL		
Name:		Job Title:
Line Manager:		Asset/Function:
Country where incident occurred		Date occurred:
Location where incident occurred:		
Name/Position of individual making alleged unethical approach:		
Was the individual a Public Official (Yes/No):		
Detail of the incident <sup>1</sup> :		
Approach and Response (e.g. who, what, why, when, where, how):		
Was any payment made or anything given as a substitute for direct payment? Please provide details or state NO:		
Signature:		Date:
To be completed by Legal:		
Actions Required (provide detail or write NONE):		
Legal Advisor Name:	Signature:	Date:
MBC Ethics & Compliance Committee (name/signature):		
(1) Please use a separate sheet if more space is required Note: Copy to be sent to MBC Ethics & Compliance Committee		



## Anti-Bribery & Corruption

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