

# **Integrated Waste Solutions Group Holdings Limited**

## **IWS Policies and Instructions on Corruption Prevention**

**(Version 4.0, March 2022)**

### **Corruption Prevention**

- 5-1 IWS recognizes that prevention of corruption is part and parcel of good corporate governance. It is therefore IWS policy to ensure all staff are aware that acceptance of advantage from persons with whom the staff have official dealings is prohibited as a general rule. However, there are occasions when staff are allowed to accept token festival gifts (e.g. mid-autumn fruit baskets from suppliers), and in such circumstances the permissible value should not be excessive.
- 5-2 It should be noted that this directive is by no means exhaustive or prescriptive which must be read in conjunction with the Handbook on corporate Governance and the “A Corruption Prevention Guide for Listed Companies” issued by the Independent Commission Against Corruption<sup>1</sup> (ICAC) for completeness. In addition, this directive is also not intended to supersede any laws or regulatory requirements in Hong Kong. In case of any doubt about the instructions contained hereinafter, advice must be immediately sought from any of the Executive Directors (EDs).

### **General Policies on Corruption Prevention**

- 5-3 During the course of duty, IWS staff may be offered advantages, which include any offer of gift, loan, commission, employment, entertainment, contract, or service. Such offers may be bribes in disguise and acceptance, even with the employer’s permission, may affect one’s judgment in business dealings.
- 5-4 Entertainment is an acceptable social activity, but extravagant and frequent entertainment offered to any IWS staff by suppliers or business associates may be a calculated act to “sweeten” them in order to build up a store of goodwill for future demands of favors (e.g. in the selection of suppliers). Hence, it is incumbent upon all supervisory staff, including managerial grades, to constantly advise their staff to avoid offers of meals or entertainment that are manifestly excessive or frequent, and remind them that a conflict of interest situation arises when the private interest of staff competes or conflicts with the interest of the Group. When such a situation arises, the staff must report the incident to his/her immediate supervisors for instructions.

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<sup>1</sup> For details of the Corruption Prevention Guide please visit [https://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2018/da04fabe-65d6-45f3-8377-f80ef87978ef.pdf](https://cpas.icac.hk/UploadImages/InfoFile/cate_43/2018/da04fabe-65d6-45f3-8377-f80ef87978ef.pdf) ; a copy of which is embedded herein.

5-5 The following are examples of conflicts of interest that may arise from procurement and staff administration activities:-

- (a) A staff member involved in the procurement process has financial interest in a company which is being considered by IWS in the selection of a supplier;
- (b) A supplier under consideration by IWS is a close friend or a relative of the staff member responsible for procurement;
- (c) A staff member invests in the business of a supplier who supplies goods to IWS; and
- (d) A staff member responsible for appointing transport service providers engages the selected contractor in his private capacity to provide discounted transport services (e.g. for home-moving).

### **Prevention of Bribery Ordinance**

5-6 Section 9 of the Prevention of Bribery Ordinance (POBO) sanctions an agent's (i.e. a person acting for, or employed by, IWS) corrupt behavior and fraudulent practices in relation to his/her employer's affairs.

5-7 It is an offence Section 9 (1) of the POBO for an agent to solicit or accept an advantage when conducting the employer's affairs or business without the permission of his principal. The permission must be given by the recipient's employer and not the offeror's employer. In case an advantage has been accepted without prior permission, the agent must apply for his employer's approval as soon as possible afterwards.

5-8 Any person who offers an advantage to an agent in a scenario caught under the above offence is also guilty of an offence under Section 9 (2) of the POBO.

5-9 Any agent who, with intent to deceive his employer, uses any receipt, account or other document which contains any statement which is misleading or false or defective in any material manner, particular and in respect of which the principal is interested, shall be guilty of an offence under Section 9 (3) of the POBO.

5-10 It must be noted that it is not a defence to claim that an advantage accepted or offered is customary in any profession, trade, vocation or calling. The offeror and the recipient of a bribe are liable to prosecution if a verbal agreement of corruption is reached, notwithstanding that the purpose of bribery has not been carried out. The maximum penalty for an offence under Section 9 of the POBO is seven years' imprisonment and a fine of HK\$500,000-.

### **Review**

5-11 As the business environment is continuously changing and IWS is facing new challenges and risks in its daily operations. It is therefore important for all supervisory grades, particularly the managerial grades, to review the

effectiveness of the IWS internal control system, taking into account the business risks and any changes in its internal organization.

5-12 The above policies and instructions, **with no Chinese translation**, are within the purview of the EC and subject to regular review as and when necessary.