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**CK Life Sciences Int'l., (Holdings) Inc.**

**Anti-Fraud and Anti-Bribery Policy**

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## CKLS Anti-Fraud and Anti-Bribery Policy

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### 1. Policy Statement

- 1.1 CK Life Sciences Int'l., (Holdings) Inc. (the “**Company**” or “**CKLS**”, together with its subsidiaries, the “**Group**”) is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Company strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.
- 1.2 The Board is accountable to the implementation of the Group’s anti-fraud or bribery efforts (including values, code of conduct, risk management, internal controls, communication and training, oversight and monitoring). Executive Directors of the Company are responsible for ensuring the effective implementation and the monitoring of any material fraudulent or bribery activities committed within the Group.
- 1.3 Fraud or bribery damages a company’s reputation and undermines its relationship with its regulators, its customers, business partners and competitors. It may lead to criminal prosecution of or regulatory action against a company or its employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage a company's business. The definition of fraud and some examples of fraudulent behaviour that may impact the Group are set out in Appendix 1 to this Policy.
- 1.4 This Policy applies to the Group, and to all directors, officers and employees of the Group (which for these purposes includes temporary or contract staff) (the “**Employees**”), as well as its Third Party Representatives, where appropriate (as further described in paragraph 7 below).
- 1.5 All Employees are required to adhere to this Policy, as well as any additional requirements set by their employing company or by local law (which may be stricter than those set out in this Policy), the breach of which may lead to disciplinary action that might ultimately result in termination of employment and/or personal civil or criminal sanctions.
- 1.6 This Policy sets out the minimum standards of conduct to which all Employees are required to adhere in respect of anti-fraud and anti-bribery. This Policy should be read in conjunction with the CKLS Employee Code of Conduct.
- 1.7 Questions in relation to this Policy should be directed to the Group Vice President and Chief Executive Officer (“**Group VP & CEO**”), or to Chief Executive Officer/ General Manager (“**CEO/GM**”) of an Employee’s employing company (or if no such person is designated, to the Head of Human Resources of such employing company).

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### **2. Prohibition on Improper Payments, Kickbacks and Other Forms of Bribery**

- 2.1 Guidance on what could constitute “bribery” is contained in Appendix 2 to this Policy.
- 2.2 Employees are strictly prohibited (whether acting in their own capacity or on the Group’s behalf) from:
- (a) offering, promising, giving or authorising, directly or indirectly, any bribe or kickback to or for the benefit of any person (whether in private or public office) in order to obtain any business or other advantage for the Group;
  - (b) soliciting, accepting or receiving (whether for the Group’s benefit, their own benefit or that of their family, friends, associates or acquaintances) any bribe or kickback from any person (whether in private or public office) in return for providing or arranging the provision of any business or other advantage in relation to the Group’s business;
  - (c) using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or
  - (d) acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.
- 2.3 As well as complying strictly with the provisions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt or otherwise inappropriate.

### **3. Political and Charitable Contributions and Sponsorships**

- 3.1 It is the Group’s general policy not to make any form of donation to political associations or individual politicians. Employees must not use any funds or assets of the Group for contributions to any political party or candidate for public office. In addition, no Employee may make any political contribution as a representative of the Group or create the impression that he or she is acting as a representative of the Group. If any requests are made for political contributions by the Group, such requests should be referred, via the business unit’s CEO/GM, to the Group VP & CEO for consideration.

#### 4. Facilitation Payments

4.1 Facilitation payments (i.e. payments demanded in return for speeding up or securing the performance of routine government actions, such as obtaining visas, permits or licences) are prohibited in most countries. There may be rare occasions, in particular where an Employee is under duress (i.e. at risk of loss of life, limb or liberty), where such payments might be acceptable. If in those circumstances a facilitation payment is made, the Employee must notify their employing company of the matter as soon as reasonably practicable in accordance with the reporting and escalation procedures established by their employing company. Records of any facilitation payments are to be maintained.

#### 5. Gifts and Hospitality (the “Business Courtesies”)

5.1 Business gifts and hospitality are customary courtesies designed to build goodwill among business partners. In some cultures, they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, the ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided. The following guidelines apply at all times.

5.2 Business Courtesies must comply with the following principles:

- (a) they must be reasonable and not excessive;
- (b) they must be of modest value, both in isolation and when considered in the context of other gifts and hospitality offered to the same recipient;
- (c) they must be appropriate and consistent with reasonable business practice;
- (d) they must be provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient’s objectivity in making a specific business decision;
- (e) they should never be offered in return for financial or personal gain; and
- (f) they must be permissible under all applicable laws, rules and regulations. When dealing with a public official, the official's country will often have laws imposing limits on the level of hospitality and gifts which can be accepted, and those laws must be strictly adhered to. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient's organisation.

5.3 Employees should use good judgment; "everyone else does it" is not sufficient justification. Consider whether public disclosure of the Business Courtesy would cause embarrassment to the Group or the recipient; if so it should not be provided or accepted.

In determining whether a specific business courtesy lies within the bounds of acceptable business practice, Employees are encouraged to discuss the issue with their supervisor.

- 5.4 Each Group company is to have a procedure in place whereby Business Courtesies outside the normal course of business are documented and recorded, whenever accepted, given or rejected. The record must expressly state the nature, purpose, value (if known) and date of the Business Courtesy and also details of the giver/receiver of the Business Courtesy. Such records must be preserved.
- 5.5 Each company within the Group is to set a pre-approved maximum limit for the giving, and receiving, of gifts (including gift cards, gift certificates or vouchers), above which prior written approval must be sought from the business unit's CEO/GM. The pre-approved maximum limit for receiving or giving gifts at the Company's level shall not exceed US\$200 equivalent. Whilst the pre-approved maximum limit for other companies within the Group will be determined in accordance with local professional and industry standards and may vary from country to country, such maximum limit for receiving or giving gifts shall not exceed US\$200 equivalent. In determining whether to approve gifts of a value higher than the pre-approved maximum, the business unit's CEO/GM shall follow the principles set out in paragraphs 5.2 and 5.3 above.
- 5.6 Please note that in the People's Republic of China there are internal regulations applicable to the central government that provide gift limits as applicable to public officials of central party and government organs. Where Employees engage with such individuals as part of their work, they are required to check these internal regulations and to ensure that they do not provide business courtesies in excess of the regulations.

## **6. Procurement of Goods and Services by the Group and Other Business Partners**

- 6.1 The Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Group conducts its procurement practices in a fair and transparent manner and Employees must act with due care and diligence when evaluating prospective contractors and suppliers. Proper measures will be taken if these suppliers/vendors are found to be in breach of laws and regulations.
- 6.2 The Group will not deal with contractors and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activity. Appropriate levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing contractors and suppliers and other business partners (such as a joint venture partner) commensurate with the bribery risk associated with a particular relationship.

## 7. Third Party Representatives

7.1 Anti-bribery legislation in some countries imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. The Group is committed to promoting anti-fraud and anti-bribery practices amongst any third party representatives it engages (“**Third Party Representatives**”). Examples of Third Party Representatives could include advisers, agents, consultants, introducers and finders, and political lobbyists. The prohibitions in this Policy apply to Third Party Representatives engaged to represent the Group’s interests, breach of which could result in termination of their engagement.

The approval of the Company is required in accordance with the CKLS Policy on Appointment of Third Party Representatives before the appointment of any Third Party Representative.

7.2 To minimise the risk of Third Party Representatives engaging in inappropriate conduct, Group companies should:

- (a) always act with due care and diligence in selecting Third Party Representatives and in monitoring their activity;
- (b) ensure that Third Party Representatives are aware of and respect the CKLS Anti-Fraud and Anti-Bribery Policy;
- (c) consider that the contractual agreements with these Third Party Representations allow the subject Group companies to terminate the agreement should the Third Party Representative breach this Policy;
- (d) ensure that all fees and expenses paid to Third Party Representatives represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party Representative; and
- (e) keep accurate financial records of all payments.

## 8. Communication and Training

8.1 Each Group company is to ensure that Employees are informed about and understand this Policy, including applicable local procedures and requirements, and that there is a clear escalation procedure for reporting actual or suspected breaches of this Policy and suspicious activity. Each Group company is to make this Policy available to all Employees (whether in hard copy or online) and to provide briefings to new Employees. At a minimum key Employees are to receive regular training relating to fraud and bribery risks faced by their organisation, as well as compliance with laws, regulations and standards of conduct which are relevant for their field of business.

8.2 It is every Employee’s responsibility to counter fraud and bribery by adhering to this Policy.

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8.3 It is the responsibility of every manager to communicate this Policy to his/her subordinates. Managers should ensure that all Employees reporting to them, and external parties within their area of responsibility working on behalf of their respective companies, understand and comply with the prohibitions in this Policy.

8.4 No Employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if such refusal may result in the Group losing business.

### **9. Books and Records**

9.1 Each Group company should establish a robust financial and accounting control system, including adequate segregation of duties, authorisation controls and logging of entries or changes to ensure the accuracy and completeness of its books of account, as well as to prevent or detect any irregularities. Such system is subject to regular review and audit.

9.2 Accurate records of all company transactions and (where required under paragraph 5.4) Business Courtesies must be kept. All receipts and expenditures must be supported by documents that describe them accurately and properly. The falsification of any book, record or account of any company within the Group is prohibited.

9.3 Employees must not pay for Business Courtesies personally as a means of evading the requirements of this Policy.

### **10. Reporting of Bribery and Suspicious Activity**

10.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents in accordance with the reporting and escalation procedures established by his/her employing company. As further set out in the CKLS Employee Code of Conduct (Reporting of Illegal or Unethical Behaviour), the timely reporting of actual or suspected breaches of this Policy lies with the finance manager having responsibility for the operation in which the incident occurs and ultimately lies with the Head of Finance of the relevant business unit, who is to report actual or suspected incidents of bribery, theft, fraud or similar offences to the Group Chief Financial Officer (“Group CFO”) if the amount involved is greater than the de minimis amounts as agreed (if any) between the Group VP & CEO and the Group CFO from time to time. All such matters must also be notified to the Senior Manager – CKLS Internal Audit Department. Reasonable liaison should then be maintained with the Group CFO and/or the CKLS Internal Audit Department (“IA”), as applicable, in order to ensure they are kept fully apprised of material developments in the case and able to offer forensic or other assistance as appropriate.

10.2 To facilitate the formal risk review and assessment by the Group, all business units should keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to CKLS Finance team on a monthly basis, where appropriate. In addition, all the relevant information related to such cases should be made readily available for independent review and follow up by IA.



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- 10.3 Employees are actively encouraged to report any concerns regarding fraud and bribery. Procedures are in place to ensure that such complaints are logged and investigated and that appropriate action is taken. All reports of fraud or bribery are to be investigated and appropriate sanctions employed. Complaints are to be treated confidentially to the extent possible, and Employees raising legitimate concerns in good faith are to be protected; retaliation of any kind against any Employee for making good faith reports about actual or suspected violation of this Policy will not be permitted.
- 10.4 Employees must cooperate fully and openly with any investigation into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to the Employee being subject to disciplinary action, up to and including dismissal.

## Appendix 1: Fraud

1. The term “fraud” commonly encompasses deceptive conduct with the intention of making some form of financial or personal gain, or making another person suffer a loss. It includes, but is not limited to, deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
2. Examples of general types of fraudulent behaviour that may impact the Group include but not limited to:
  - (a) obtaining financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty;
  - (b) unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
  - (c) improper use of business information not released to the public and/or commercially sensitive information;
  - (d) theft, unauthorised use and/or disposal of Group assets or resources;
  - (e) false accounting and/or misleading disclosures;
  - (f) false declaration of work performed or misstatement of materials used in projects; and
  - (g) false payroll, false invoicing or false expense claims.
3. There is no set monetary threshold that defines a fraud. It is not necessary for the fraud to be successful to be viewed as a fraud.

## Appendix 2: Bribery

- 1 Bribery involves giving or offering to give any advantage, directly or indirectly, to a public servant (e.g., officers, members and employees of public bodies), any employee of a company, private individual or other person connected with a business, as an inducement or reward for or otherwise on account of such person's conduct in relation to their employer's/principal's affairs or any improper advantage in obtaining or retaining business. It also involves soliciting or accepting bribes.
- 2 Bribery usually occurs where a person offers advantages to another as an inducement or reward for the recipient's improper performance of duties (usually to win or retain business or advantages), or where the recipient abuses his authority or position for personal gain. Bribery can also take place where the offer or payment is made by or through a third party.
- 3 Bribes and kickbacks can consist of anything of value (i.e. an "advantage"), including:
  - gifts, excess entertainment and hospitality, and sponsored travel and accommodation;
  - cash payments, including cash equivalents such as gift cards and vouchers, for example, those given by or to employees or business partners such as agents, introducers or consultants;
  - other favours provided by or to public officials, suppliers or customers, such as engaging a company owned by a member of a public official or customer's family;
  - free use of a company's services, facilities or property; and
  - loans, loan guarantees or other extensions of credit on preferential terms, or other intangible forms of preferential treatment.
- 4 If Employees spot any of dealings with a person/entity with whom the Group does or proposes to do business that arouse suspicion of bribery, they should report the matter in accordance with the reporting and escalation procedures established by their employing company.
- 5 Bribery is a criminal offence in most countries/regions. For example, the United States has enacted anti-bribery laws such as the United States Foreign Corrupt Practices Act, which applies to the actions of U.S. citizens, U.S. permanent residents, companies headquartered in the U.S. or incorporated under the laws of a U.S. state and companies that list on a U.S. exchange, even if the activity takes place outside the United States. Breach of these laws can lead to severe penalties for companies and individuals.