



CONFLICT OF INTEREST POLICY

1. INTRODUCTION

- 1.1 Kelington Group Berhad and its group of companies ("Kelington") is committed to maintaining the highest of ethical standards and governance. Accordingly, Kelington expects all staff to conduct themselves with integrity, impartiality and professionalism at all times, and to avoid any conflict of interest that may arise in the performance of their duties.
- 1.2 As part of the daily activity of Kelington, a number transactions and interactions take place. During the course of these interactions and transactions, conflict of interest may arise. It is essential that Kelington personnel understand where such situations can arise and promptly declare any such situation to the company in order to avoid or manage any conflict.
- 1.3 In order to protect Kelington, its employees, shareholders and other stakeholders against conflict of interest, Kelington has established this policy and a declaration procedure. These aim to manage actual, potential and perceived conflict of interest and clearly state the principles with which Kelington approaches any such situations.
- 1.4 Proper identification and management of conflicts of interest ensures that business decisions are made in the best interests of the Company and the Company is protected from any consequent damage to its activities and reputation.

2. PURPOSE

The purpose of this policy is to set out what constitutes conflict of interest and to provide guidance on how to deal with situations involving conflict of interest as when they arise.

3. SCOPE

- 3.1 This policy is intended to apply to all Directors and employees of Kelington (including employees on contract terms, temporary staff and those on internship).
- 3.2 This policy applies whenever an individual recognises, or should reasonably recognise, that a conflict of interest may arise from their current or future activities.
- 3.3 The scope of this policy is relatively wide in its coverage of activities that may give rise to conflicts of interest. As it is not possible for the policy to be all-inclusive, Directors and employees must exercise reasonable judgment and seek to comply with this policy.

4. DEFINITIONS

- 4.1 "Beneficial interest" refers to the right to receive economic benefits from an asset without being the legal owner of the asset, e.g. entitlement of income from shares held through a nominee.
- 4.2 "Conflict of interest" is a situation in which a person has competing interests and the serving of one interest could improperly influence the performance of duties and responsibilities, and which may be at the detriment and/or personal gain to another.

A real conflict of interest exists at the present time and a potential conflict of interest could be reasonably foreseeable to exist in the future.

4.3 “Family member”, in relation to a person, means:

- i. A spouse of the person;
- ii. A brother or sister of the person, or their spouses;
- iii. A brother or sister of the spouse of the person;
- iv. A lineal ascendant or descendant of the person (e.g. parents or children);
- v. A lineal ascendant or descendant of a spouse of the person (e.g. parents-in-law);
- vi. A lineal descendant of a person referred to in (ii) above (e.g. niece or nephew)
- vii. The uncle, aunt or cousin of the person; or
- viii. The son-in-law or daughter-in-law of the person. For the purpose of this Policy, family member also includes persons with whom an intimate relationship exists.

4.4 “Material” in relation to shareholding means equity ownership of 5% or more.

4.5 “CCID” means the Corporate Compliance and Integrity Department.

5. IDENTIFYING CONFLICTS OF INTEREST

5.1 A conflict of interest would arise where a person’s ability to perform his/ her duties effectively or impartially is potentially impaired by personal interest, considerations or relationships.

5.2 Generally, conflicts of interest may be described under the following broad categories: -

5.2.1 Equity ownership in entities having a business relationship with Kelington

This is where a Director or an employee holds shares in privately owned entities having a business relationship with Kelington, either directly or indirectly (e.g. through a family member). This does not apply to shares held in publicly quoted companies which have a business relationship with Kelington, unless such holding is considered to be material and the interest is likely to impair the objectivity of the Director or employee concerned.

5.2.2 Directorship, partnership or other forms of Beneficial Interest in entities having a business relationship with Kelington

This applies to situations where a Director or an employee holds a position or has an interest in entities having a business relationship with Kelington. An example would be where an employee of Kelington is a Director of a company supplying materials to Kelington. Such situations would result in a conflict of interest.

5.2.3 Personal relationships

A conflict of interest would exist if a family member of an employee has a reporting relationship with the employee. An employee should not be in the same department / division as a family member, and should not directly or indirectly supervise, or be in a position to influence the hiring, work assignments or assessments of the family member.

A conflict of interest would also arise if a Director or employee has a family member with an interest (e.g. in the form of ownership, directorships, partnerships, employment, etc.) in entities which have a contractual arrangement with Kelington.

An example would be where a Kelington employee’s spouse is working in a company providing consultancy services to Kelington. This also applies to situations where a family member of a Kelington staff is working in a company bidding for a project to be awarded by Kelington, although there is no contractual arrangement yet.

5.2.4 Other employment, business appointments or undertakings

A conflict of interest may arise where employees hold other part time employment, or have other business appointments or undertakings. An employee is expected to devote his/her time, attention and commitment during work hours to his/her job duties. A conflict of interest can also arise where participation in any business activity outside working hours demands excessive time and attention from the employee, thereby depriving the Company of the employee's best effort on the job or resulting in a negative impact on performance

5.2.5 Contractual dealings with employees

This refers to situations where Kelington purchases or leases property, equipment, materials, etc. from Directors or employees, or enters into contractual arrangements with Directors or employees (other than employment contracts). Such situations give rise to a conflict of interest, and should be declared.

5.2.6 Dealings with competitors

If a Director, employee or family member of a Director or employee has financial or other interests or any involvement in the business of a competitor, or holds a directorship in a competitor, such a situation would give rise to a conflict of interest. This does not apply to the holding of publicly quoted shares of competitor companies, unless such holding is considered to be material and the interest is likely to impair the objectivity of the Director or employee concerned.

If an employee has accepted employment with a competitor, this could also result in a conflict of interest during the period which the employee is still employed with Kelington, especially if the employee is dealing with sensitive or confidential information. As such, the conflict of interest must be declared immediately upon acceptance of employment with the competitor to enable Kelington to take the necessary actions to manage the conflict.

5.2.7 Acceptance of meals or entertainment

The acceptance of meals or entertainment may affect a Director's or employee's objectivity and judgement. It is the responsibility of the Director or employee to comply with Kelington's No Gift Policy to ensure that nothing is received / given which might create a conflict of interest or bring their integrity into question.

6. GENERAL RESPONSIBILITIES

6.1 All Directors and employees of Kelington are responsible for identifying and managing conflicts of interest on an ongoing basis and are required to:

- a) Comply with this policy and other applicable policies and guidelines relating to the identification, documentation, escalation and management of conflicts of interest;
- b) Act with objectivity, integrity and independence, and exercise sound judgement and discretion;
- c) Avoid, wherever possible, situations giving rise to conflicts of interest as described in this policy; and
- d) Immediately declare the conflict of interest in accordance with this policy, abstaining from the decision-making process and not seek to influence such decisions any further.

7. MANAGING CONFLICTS OF INTEREST

- 7.1 Any conflict of interest must be declared by filling up the **Conflict of Interest Declaration form** (as attached in Appendix A).

The conflict of interest must be escalated to the Head of Department or his/ her direct superior for further action.

In the case of Directors, the conflict must be disclosed to the Board of Directors and recorded by the Company Secretary.

- 7.2 The declaration shall be made as and when the conflict arises, and shall be made at the earliest opportunity. i.e. as soon as the Director or employee becomes aware of the conflict.
- 7.3 The completed Declaration Form shall be forwarded to CCID by the Head of Department of the person with the conflict concerned.
- 7.4 In addition to the declaration, the person with the conflict and the respective Head of Department must take reasonable steps to manage the conflict and to mitigate the impact of the conflict on the negotiation/ discussion/ decision making process. Ideally, the conflict should be avoided altogether, e.g. by relinquishing the interest that gives rise to the conflict. However, there are circumstances where it may not be practical to totally avoid the conflict, in which case, appropriate actions must be taken, depending on the nature and severity of the conflict.
- 7.5 Where the conflict is not likely to arise frequently, and the impact of the conflict is minimal, the participation of the person in the decision making process should be restricted. Restriction should include, but is not limited to the following:
- i. Not participating in any critical criteria setting or decision making role in the process.
 - ii. Refraining from discussions about the matter.
 - iii. Limiting access to information and denying access to sensitive documents or confidential information in the process.
 - iv. Abstaining from voting on the decision.
- 7.6 Where the conflict is ongoing and could have serious implications, the person with the conflict should be removed from the process, which includes the following:
- i. Abstaining from any involvement whatsoever in the matter.
 - ii. Rearranging duties and responsibilities to a non-conflicting function but not to a person who is supervised by the person with the conflict.
 - iii. Transferring the person with the conflict to another project or another area of the Company.

8. MONITORING CONFLICT OF INTERESTS

CCID is responsible for monitoring conflicts of interest involving staff. Upon receiving the Conflict of Interest Declaration Form, CCID shall review the actions taken to address the conflict and decide, on a case-by-case basis whether such actions are appropriate and/or sufficient.

If CCID is of the view that actions taken by the person with the conflict or the HOD is not sufficient to manage or address the conflict, further action shall be recommended by CCID.

In the event of a dispute between the person with the conflict or his/her HOD and CCID, the matter shall be escalated to the Group Executive Director for a decision to be made. CCID shall be referred if there are any doubts with regards to a conflict of interest situation.

9. MAINTAIN OF RECORDS

For conflicts of interest involving staff, CCID shall maintain records of all conflict of interest declarations as well as other related documents such as documentation reflecting the mitigating actions taken. For conflicts of interest involving Directors, the Company Secretary shall maintain records of the declarations and any related documents.

10. BREACH OF POLICY

Failure to disclose a conflict of interest is a breach of this policy and may lead to disciplinary action.

11. OTHER RELEVANT DOCUMENTS

This policy must be read in conjunction with Kelington's Anti-Bribery and Corruption Policy and other related policies. The Conflict of Interest Declaration form must be used to disclose any conflicts of interest.

12. UPDATES AND REVIEW

This Policy may be updated from time to time and any amendments and update will be immediately made available.



Conflict of Interest Declaration Form

Name:		Date of Disclosure:	
Contact No.:		Email address:	
Immediate Superior:		Designation/ Department	

Details of Conflict of Interest

- Equity ownership in entities having a business relationship with Kelington
- Directorship, partnership or other forms of Beneficial Interest in entities having a business relationship with Kelington
- Personal relationships
- Other employment, business appointments or undertakings
- Contractual dealings with employees
- Dealings with competitors
- Acceptance of meals or entertainment

Description of conflict:

When did the conflict arise?

Impact / potential impact of conflict:

Actions taken to address conflict:

Disclosed to Head of Department: Yes / No

Declaration:

I hereby declare that the information provided herein is complete and accurate.

<p>.....</p> <p>Name:</p> <p>Date:</p> <p>Acknowledged by HOD:</p> <p>.....</p> <p>Name:</p> <p>Date:</p>	<p>Remarks by CCID:</p>
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