CONFLICT OF INTEREST POLICY

1. INTRODUCTION

1.1 Kelington Group Berhad and its subsidiaries ("Kelington") are committed to maintaining the highest of ethical conduct, integrity, and corporate governance. All Directors and employees are expected to conduct themselves with integrity, impartiality and professionalism at all times, and to avoid situations where a conflict of interest may arise

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 To safeguard Kelington, its employees, shareholders and other stakeholders against conflicts of interest, Kelington has established a Conflict of Interest Policy and a declaration procedure These are intended to manage actual, potential and perceived conflicts of interest, and to set out clear principles guiding Kelington's approach in handling such situations, including ensuring that all Directors and employees act in the best interests of the group and free from any personal, financial, non-financial or other conflicts that may compromise their judgment or impartiality.

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. This policy is to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively.

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 programme or secondment).

3.2 This Policy applies whenever an individual identifies, or reasonably should have identified, a potential or actual conflict of interest arising from their duties or activities.

3.3 As it is not possible to anticipate all situations, individuals are expected to exercise sound judgment and seek clarification when in doubt.

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 “Employees” refers to the employee of Kelington who is involved in decision making process, i.e. making choices by gathering information, assessing alternative resolutions and identify a decision.

4.4 “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.

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

4.6 “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 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 family 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 or potential 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 a Director or employee has accepted employment with a competitor, this could also result in a conflict of interest during the period which he/she still employed with Kelington, especially if the Director or 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 of interest or potential conflict of interest.

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. CONFLICT OF INTEREST MANAGEMENT PROCESS

7.1 Step 1: Identification

A conflict of interest is identified when a Director or employee becomes aware of, or reasonably should have become aware of, a situation that may constitute an actual, potential, or perceived conflict of interest:

(i) a conflict already exists (actual),
(ii) may reasonably arise in the future (potential), or
(iii) may reasonably be perceived by others (perceived).

Identification shall be guided by the principles and examples set out in *Section 5 (Identifying Conflicts of Interest).*

7.2 Step 2: Declaration

Any actual, potential, or perceived conflict of interest must be declared by completing the Conflict of Interest Declaration Form (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.

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.

Where there is doubt as to whether a situation constitutes a conflict of interest, the matter shall still be declared for assessment.

7.3 Step 3: Submission of Declaration Form

The completed Declaration Form shall be forwarded to CCID by the Head of Department of the person with the conflict concerned.

7.4 Step 4: Assessment and Mitigation

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 Step 5: Restriction of Participation

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 Step 6: Removal from Process

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.

7.7 Step 7: 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.

7.8 Step 8: Reporting to the Audit Committee

CCID shall maintain a register of all declared conflicts of interest and provide periodic updates to the Audit Committee on the status of declared conflicts, actions taken to manage or mitigate such conflicts, and any significant or unresolved conflicts of interest.

Any material conflict of interest involving Directors or senior management, or any unresolved conflict that may have a significant impact on the Company's interests, shall be escalated to the Audit Committee for its review and oversight, where appropriate.

8. MAINTAIN OF RECORDS

For conflicts of interest involving employees, 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.

9. BREACH OF POLICY

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

10. 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.

11. 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

IMPORTANT NOTES:
This form must be completed immediately upon identification of any actual, potential, or perceived conflict of interest and submitted to the Head of Department / direct superior for onward submission to CCID.

If the space provided in this form is insufficient, additional sheet(s) and relevant supporting document(s) may be attached where applicable.

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

A. TYPE OF CONFLICT OF INTEREST

Please tick (✓) the applicable category:
☐ Actual Conflict of Interest
☐ Potential Conflict of Interest
☐ Perceived Conflict of Interest

B. DETAILS OF CONFLICT OF INTEREST

Please tick (✓) the applicable situation(s):
☐ Equity ownership in entities having a business relationship with Kelington
☐ Directorship, partnership, employment, or other forms of beneficial interest in entities having a business relationship with Kelington
☐ Personal or family relationships
☐ Other employment, business appointments, or undertakings
☐ Contractual dealings involving employees or Directors
☐ Dealings with competitors
☐ Acceptance of gifts, meals, hospitality, or entertainment
☐ Procurement / tender / vendor-related matter
☐ Recruitment / reporting line matter involving family member

Other (please specify):

_____

_____

C. DESCRIPTION OF CONFLICT OF INTEREST

Please provide details of the actual, potential, or perceived conflict of interest, including:

name of related person/entity	:	
nature of relationship or interest	:	
transaction/project/activity involved	:	
whether you are involved in handling, reviewing, discussing, recommending, approving, or making decisions relating to the matter	:	
When did the conflict arise?	:	

D. IMPACT / POTENTIAL IMPACT OF CONFLICT

Please describe the actual or potential impact of the conflict of interest on the Company, including any possible influence on objectivity, independence, procurement, approval, evaluation, or decision-making process.

_____
_____
_____
_____
_____

E. ACTIONS TAKEN / PROPOSED TO ADDRESS THE CONFLICT

Please describe any mitigation measures already taken or proposed, including abstention from discussions, restriction of access, reassignment of duties, or other actions.

_____
_____
_____
_____
_____

F. DECLARATION BY DECLARANT

I hereby declare that:

i. The information disclosed in this form is true, complete, and accurate to the best of my knowledge.
ii. I understand my obligation to disclose any actual, potential, or perceived conflict of interest immediately upon becoming aware of such conflict.
iii. I undertake to comply with all mitigation measures and instructions imposed by the Company in relation to this declaration.
iv. I understand that failure to disclose a conflict of interest may result in disciplinary action.

_____
Name:
Designation:
Date:

G. ACKNOWLEDGED BY HEAD OF DEPARTMENT ("HOD")

Remarks by HOD (If any)

_____
_____
_____
_____
_____
_____
_____

_____
Name:
Designation:
Date:

H. REVIEWED BY CCID

Item	Details
Date Received by CCID	
Conflict Classification	Actual / Potential / Perceived
Remarks	
Name	
Signature	