

	<b>POLICY STATEMENT AND PROCEDURES</b>	
	<b>DIVISION</b>	<b>GROUP</b>

**CONFLICT OF INTEREST POLICY**

**Policy Owner:**  
Head of Integrity and Discipline Department

Reference No.:	MRCB/PG/19-06	Revision No.:	1
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## APPROVAL

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Name: Imran Salim  
Position: Group Managing Director  
Date: 10/06/2024

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IDD/SMJ/SK  
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**REVISION HISTORY**

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0	1 August 2019
1	11 June 2024

## **1.0 INTRODUCTION**

MRCB is committed to maintaining the highest ethical standards and recognises that it must act in accordance with the highest standards of governance at all times. Accordingly, MRCB 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.

Proper identification and management of conflicts of interest ensure that business decisions are made in the Company's best interests and that the Company is protected from any consequent damage to its activities and reputation.

## **2.0 PURPOSE**

This Conflict of Interest Policy aims to ensure that the nature and extent of any actual, potential, and perceived conflicts of interest, including interest in any competing business(es), are identified and managed effectively. It is intended to provide guidance on how to deal with conflicts of interest situations as they arise, persist, or may arise within the Group, and the measures to take to resolve, eliminate, or mitigate such conflicts to minimise risks of bribery and corruption as part of the Anti-Bribery and Corruption (ABC) Policy.

## **3.0 SCOPE**

This policy applies to all employees of MRCB (including employees on contract terms, temporary staff, and those on internship or secondment). For the purpose of this policy, employees include consultants engaged by MRCB on a full-time basis.

The Company's Board Charter shall govern all directors of the Company, in terms of conflict of interest declarations and management. The Company Secretary shall be responsible for managing and recording any conflicts of interest or potential conflicts of interest disclosed by directors, senior management, and legal representatives.

This policy applies whenever an individual recognises, or should reasonably recognise, that a conflict of interest has arisen, persists, or may arise from their current or future activities. The policy provides guidance on how to identify and declare all conflicts of interest, how to develop, implement, and monitor actions to manage the conflict appropriately, and how to deal with breaches of this policy. 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 this policy to be all-inclusive, employees must exercise reasonable judgment and comply with the spirit of this policy rather than just the letter of the policy.

#### 4.0 LIST OF ABBREVIATIONS AND DEFINITIONS

ABC Policy	Anti-Bribery & Corruption Policy
ABMS	Anti-Bribery Management System ISO: 37001
Beneficial Interest	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.
Bribery & Corruption	Any action considered an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission (MACC) Act 2009. In practice, this means offering, giving, receiving or soliciting something of value in an attempt to unlawfully influence the decisions or actions of a person in a position of trust within an organisation. Bribery may be ‘outbound’, where someone acting on behalf of MRCB attempts to influence the actions of someone external, such as a Government Official or client decision-maker. It may also be ‘inbound’, where an external party attempts to influence someone within the Company, such as a senior decision-maker or someone with access to confidential information.
Business Associate	An external party with whom MRCB has, or plans to establish, some form of business relationship. This may include clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, advisers, agents, distributors, representatives, intermediaries, and investors.
Conflict of Interest	<p>A situation in which an individual’s personal interest clashes with the professional interest owed to their employer potentially undermining the impartiality of the individual concerned.</p> <p>Conflict of interest includes the nature and extent of any actual, potential, or perceived conflict of interest, including interest in any competing business(es).</p> <p>“Interest” includes both direct and indirect financial interest, non-financial interest, and competing loyalties or interests.</p>
Family Member	<p>In relation to a person, it means:</p> <ol style="list-style-type: none"> <li>i. A spouse of the person;</li> <li>ii. A brother or sister of the person or their spouses;</li> <li>iii. A brother or sister of the spouse of the person;</li> <li>iv. A lineal ascendant or descendant of the person (e.g., parents or children);</li> <li>v. A lineal ascendant or descendant of a spouse of the person (e.g., parents-in-law);</li> <li>vi. A lineal descendant of a person referred to in (ii) above (e.g., niece or nephew)</li> <li>vii. The uncle, aunt, or cousin of the person; or</li> <li>viii. The son-in-law or daughter-in-law of the person.</li> </ol> <p>For the purpose of this policy, a family member also includes persons with whom an intimate relationship exists.</p>

Gratification	<p>As defined in the Malaysian Anti-Corruption Commission (MACC) Act 2009, it is:</p> <ul style="list-style-type: none"> <li>a) Money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description, whether movable or immovable, financial benefit, or any other similar advantage;</li> <li>b) Any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;</li> <li>c) Any payment, release, discharge, or liquidation of any loan, obligation or other liability, whether in whole or in part;</li> <li>d) Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;</li> <li>e) Any forbearance to demand any money or money's worth or valuable thing;</li> <li>f) Any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil, or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and</li> <li>g) Any offer, undertaking, or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).</li> </ul>
HOD	Head of Department / Division
IDD	Integrity and Discipline Department
Legal Representative	Person with sole powers to represent, exercise rights, or enter into binding obligations on behalf of the Company or its foreign principal subsidiary.
Material	In relation to shareholding, it means equity ownership of 5% or more
MRCB / Company / Group	Malaysian Resources Corporation Berhad and/or its subsidiaries
Perceived Conflict of Interest	Situations where it could appear to a reasonable person that an individual has an actual conflict of interest, even if that is not the case.
Potential Conflict of Interest	Conflict of Interest that has yet to materialise or happen, but may arise due to, among others, prevailing relationships or interests of the concerned individual.
Senior Management	Comprises MRCB's Group Managing Director (GMD), Group Chief Financial Officer (GCFO), Group Chief Operating Officer (GCOO), and Chief Corporate Officer (CCO)

## 5.0 IDENTIFYING CONFLICTS OF INTEREST

5.1 In general, a conflict of interest would arise where a person's ability to perform their duties effectively and impartially is potentially impaired by personal interests, considerations, or relationships.

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

i. Equity ownership in entities having a business relationship with MRCB

This is where an employee holds shares in privately owned entities having a business relationship with MRCB, 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 MRCB, unless such holding is considered to be material and the interest is likely to impair the objectivity of the director or employee concerned.

ii. Directorship, partnership, or other forms of beneficial interest in entities having a business relationship with MRCB

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

iii. Other employment, business appointments, or undertakings

A conflict of interest may arise when employees hold other part-time employment or have other business appointments or undertakings. Employees are expected to devote their time, attention, and commitment to their job duties during work hours. A conflict of interest can also arise when 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 efforts on the job or resulting in a negative impact on performance.

Should an employee desire to pursue other part-time employment, business appointments, or undertakings, written consent from the Company shall be obtained prior to engaging in such work outside the Company. Such consent so granted may be withdrawn at any time without assigning any reason thereto.

iv. 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 an 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 MRCB. An example would be when an MRCB employee's spouse works in a company providing consultancy services to MRCB. This also applies to situations where a family member of an MRCB staff is working in a company bidding for a project to be awarded by MRCB, although

there is no contractual arrangement yet.

v. Contractual dealings with employees

This refers to situations where MRCB 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 can give rise to a conflict of interest and should not occur except in exceptional circumstances.

vi. Dealings with competitors

If an employee or a family member of an 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 employee concerned. If an employee has accepted employment with a competitor, this could also result in a conflict of interest during the period in which the employee is still employed with MRCB, 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 MRCB to take the necessary actions to manage the conflict.

vii. Involvement in activities where the director or employee concerned is the subject matter

A conflict of interest may arise if an employee participates in activities where they are the subject of the discussion or where the decision involves them. An example of this situation is where an allegation is made against a director or employee through the whistleblowing channel, and the director or employee is part of the investigating team tasked with investigating the allegation.

viii. Acceptance of meals or entertainment

The acceptance of meals or entertainment may affect an employee's objectivity and judgement. It is the responsibility of employee to comply with MRCB's Gifts, Hospitality, Donations, and Similar Benefits policy to ensure that nothing is received / given which might create a conflict of interest or bring their integrity into question.

5.3 Please refer to **Appendix 3** for illustrations of Conflict of Interest.



## 6.0 GENERAL RESPONSIBILITIES

- 6.1 All employees have a duty and an obligation to disclose any conflict of interest or potential conflict of interest in performing their duties in MRCB. Such duty and obligation shall continue for as long as the conflict continues to exist.
- 6.2 All employees are responsible for identifying and managing conflicts or potential conflicts of interest on an ongoing basis and are required to:
  - i. Comply with this policy, other applicable policies and guidelines, and external regulatory requirements relating to the identification, documentation, escalation, and management of conflicts of interest;
  - ii. Act with objectivity, integrity, and independence and exercise sound judgement and discretion;
  - iii. Avoid, wherever possible, situations giving rise to conflicts of interest as described in this policy; and,
  - iv. Immediately declare the conflict of interest in accordance with this policy, remove themselves from the decision-making process, and do not seek to influence such decisions any further.
- 6.3 If an employee is in doubt about whether a conflict of interest exists, he/she shall be responsible to consult and/or disclose the information to IDD.

## 7.0 MANAGING CONFLICTS OF INTEREST

- 7.1 Any conflict of interest or potential conflict of interest must be declared by filling out the Conflict of Interest Declaration Form. Refer to **Appendix 1A** for a sample of the Conflict of Interest Declaration Form.
- 7.2 The conflict of interest must be escalated to IDD for further action.
- 7.3 The employee shall be responsible to declare as and when the conflict arises and at the earliest opportunity upon becoming aware of the conflict.
- 7.4 In addition to declaring the conflict of interest or potential conflict of interest, appropriate steps must be taken by IDD to manage the conflict and mitigate the impact of the conflict on the 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 may 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 or restricting access to information and denying access to sensitive documents or confidential information in the process;

- iv. Abstaining from voting on the decision; and/or,
  - v. Executing a non-disclosure or confidentiality agreement to protect any type of confidential and proprietary information or trade secrets.
- 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; or
  - iii. Transferring the person with the conflict to another project or another area of the Company.
  - iv. Divesting interest in conflicting entity; and/or,
  - v. Resigning or taking a leave of absence.

## 8.0 MONITORING CONFLICTS OF INTEREST

- 8.1 IDD shall be responsible for monitoring conflicts or potential conflicts of interest involving employees. Upon receiving the Conflict of Interest Declaration Form, IDD shall review the actions taken to address the conflict and decide whether such actions are appropriate and/or sufficient on a case-by-case basis.
- 8.2 If IDD is of the view that the actions taken by the person with the conflict are insufficient to manage or address the conflict, then further action shall be recommended by IDD.
- 8.3 In the event of a dispute between the person with the conflict and IDD, the matter shall be escalated to the Group Managing Director for a decision to be made.
- 8.4 For conflicts of interest involving employees, IDD shall maintain records of all conflict of interest declarations as well as other related documents, such as documentation reflecting the mitigating actions taken. IDD shall also be responsible to keep a register of conflicts of interest declared by employees. Refer to **Appendix 1B** for a sample of the Master List for Declaration of Conflict of Interest.
- 8.5 The process for declaring, managing, and monitoring conflicts of interest involving employees is shown in **Appendix 2**.

## 9.0 BREACH OF POLICY

- 9.1 Failure to disclose a conflict of interest, provide complete and accurate information on the conflict, or appropriately manage the conflict is a serious breach of this policy and could result in disciplinary action being taken by MRCB.

## 10.0 REVIEW

This policy shall be subject to review from time to time to ensure that the principles and guidelines expressed in the policy are consistent with MRCB's policies and guidelines, strategic plans, limits of authority, and business requirements.



**APPENDIX 1B: MASTER LIST FOR DECLARATION OF CONFLICT OF INTEREST (FOR IDD USE)**



**DECLARATION OF CONFLICT OF INTEREST  
MASTER LIST**

No	Name	Staff ID	Contact No.	Email Address	Designation	Department	Declaration Period*	Declaration Date	Remarks
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
12.									
13.									
14.									

\*Declaration period is valid for a year.

## APPENDIX 2: CONFLICT OF INTEREST DECLARATION PROCESS FLOW

Activity	Timeline	Responsibility
<p>Start</p>		
<p>Identify the conflict of interest</p>		Staff
<p>Fill up the Conflict-of-Interest Declaration Form and submit to IDD</p>	<p><b>Appendix 1A</b> Conflict of Interest Declaration Form</p>	Staff
<p>Review the conflict and action(s) taken</p>		IDD
<p>Action(s) taken acceptable?</p>	<p>Yes → 1</p> <p>No ↓</p>	IDD
<p>Provide recommendation</p>		IDD
<p>Agree to recommendation?</p>	<p>Yes → 1</p> <p>No ↓</p>	Staff
<p>Final decision by Group Managing Director</p>		Group Managing Director
<p>Monitor and Review</p>	<p>1 →</p>	IDD
<p>Register declared conflict in the Master List</p>	<p><b>Appendix 1B</b> Master List for Declaration of Conflict of Interest</p>	IDD
<p>End</p>		

### APPENDIX 3: ILLUSTRATIONS

1. A and B are siblings where A currently works at Company XYZ as a recruitment officer, whereas B is a candidate that Company XYZ is considering to hire. However, A did not either disclose to their superior or fill up the Conflict of Interest Declaration Form regarding this information. This act is a serious breach of the policy that could result in A's termination from the company.
2. Employee X is working as a procurement officer. Her sister-in-law owns a vending service company called Kitchen ABC. When Employee X's Company announced that they were planning to engage a new business associate, Employee X recommended Kitchen ABC as they are experienced in the industry and can offer a reasonable price. As per company policy and procedures, three (3) quotations are obtained from different vending companies. Kitchen ABC ended up being the cheapest, and the company appointed them as the new vendor or business associate. Employee X did not disclose that the owner is her sister-in-law. At this point, a conflict of interest situation has arisen because Employee X's personal interests conflicted with the interests of her employer. She stands to benefit financially because she deliberately aided her sister-in-law as the appointed new vendor or business associate. In this case, it is a non-disclosure of that conflict.
3. While under employment with their current company, Employee X accepted an employment offer from Company Z, which is the main competitor in a recent major development project of Employee X's current company. A serious conflict of interest may arise if Employee X exposes his current company's confidential information to Company Z while still in employment at the company.
4. Manager A, who is a direct report to Employee B, entered a romantic relationship together. The relationship status needs to be disclosed for a change in the reporting line. Failure to disclose is a serious conflict of interest because the manager is assumed to have a bias towards the romantic partner.
5. Z, a senior officer who is responsible for the final decision in awarding the building maintenance contracts, awards a contract to a company which employs his daughter in a middle-level technical job. The procurement process leading to the decision was very minimal, allowing Z's considerable discretion in their choice of contractor for this work. Z did not mention the situation to anyone in the office when they decided on the contract, as they did not believe it was a personal conflict of interest.

#### APPENDIX 4: REFERENCES

- 1) Bursa Malaysia Securities Berhad's Main Market Listing Requirements:  
[https://www.bursamalaysia.com/regulation/listing\\_requirements/main\\_market/listing\\_requirements](https://www.bursamalaysia.com/regulation/listing_requirements/main_market/listing_requirements)
- 2) Companies Commission Malaysia's (SSM) Companies Act 2016:  
[https://www.ssm.com.my/Pages/About\\_SSM/Overview.aspx](https://www.ssm.com.my/Pages/About_SSM/Overview.aspx)
- 3) Securities Commission Malaysia's Guidelines:  
<https://www.sc.com.my/regulation/guidelines>