

CONFLICT OF INTEREST POLICY

SCOPE OF APPLICATION

This policy applies to all members of the Board of Directors and employees of Kulim and its Group of Companies ("Kulim") at all levels and grades.

PERSPECTIVE OF POLICY

In general, conflict of interest is a situation where one is in a position to gain personal benefit or for other people as a result of an action or decision made in his/her official capacities. Managing conflict of interest is one of the main elements of corporate governance. Failure to manage conflict of interest can lead to corruption and the fall of an organization.

POLICIES

1. AWARENESS ON CONFLICT OF INTEREST

- 1.1 All Head of Divisions and Prime Officials of Kulim Group should inform and implement conflict of interest policy in their respective divisions and companies.
- 1.2 All Company Secretary and Secretary of Committee need to inform each Member about the policies and procedures for managing of conflict at the beginning of the Approving Committee meeting and official discussion.

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2. SCENARIO WHICH REQUIRES DECLARATION ON CONFLICT OF INTEREST

2.1 The declaration of conflict of interest among Members of the Approving Committee and all employees includes the following:

- (i) Where a person is a shareholder or equity holder, owner and/or having any form of interest in a corporation or any business entity, for the purpose of collaboration, award of contract, appointment of vendor or any form of dealing with Kulim.
- (ii) Where a person is a member of the Board of Directors, partner, or trustee in a corporation or any business entity, for the purpose of collaboration, award of contract, appointment of vendor or any other form of dealing with Kulim.
- (iii) Where a person has a relative relationship with the Board of Directors, owner, shareholder or equity holder and/or any form of interest in the corporate or any business entity, including officers who involve in the dealings, for the purpose of collaboration, award of contract, appointment of vendor or any other form of dealing with Kulim.
- (iv) Where a Member is being recommended, suggested, asked for, or influenced to make decisions for the purpose of collaboration, award of contract, appointment of vendor or any other form of dealing with Kulim.
- (v) Where a member has a relative relationship for the purpose of recruitment, redeployment, transfer, promotion and other elements of remuneration.
- (vi) Where an employee has a relative relationship with other employees within Kulim.
- (vii) Where an employee has a relative relationship with customers, agents, suppliers, contractors and competitors of Kulim.

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3. DECLARATION AND MANAGEMENT OF CONFLICT OF INTEREST

- 3.1 All members of the Approving Committee shall make a written declaration of their conflict of interest at each meeting, using the Conflict of Interest – Declaration Form B and/or B1 (Meeting). Any Members of the Approving Committee may raise the issue of conflict of interest of other Members.
- 3.2 Any employees who are having relationship as stated in item 2.1 (vi) and (vii) shall declare their conflict of interest to the Human Capital Management Department, using the Conflict of Interest – Declaration Form A (Employees) and/or Conflict of Interest – Declaration Form A1 (Employees – CHANGES).
- 3.3 Where an employee believes that a conflict of interest may exist relating to another employee, his/her are encouraged to raise the issue to the Human Resource Department.
- 3.4 The Company Secretary and Secretary of Committee must record in the minutes of meeting the declaration on conflict of interest or the decision made in respect of conflict of interest that was raised at the meeting and should cover the following:
 - (i) Explanation on the nature of conflict of interest;
 - (ii) Explanation on how the conflict of interest may jeopardize the interest of Kulim; and
 - (iii) The action taken by the Approving Committee on the Member who is having the conflict of interest.

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- 3.5 Further to the declaration of conflict of interest as per item 3.1 and 3.3, the Chairman of the Approving Committee should request:
- (i) The member who has a conflict of interest is prohibited from participating in discussion on that relevant agenda; and
 - (ii) The member who has a conflict of interest is prohibited from voting on that relevant agenda; and
 - (iii) The member who has a conflict of interest may be directed to temporarily leave the meeting room to enable other Members to discuss and decide on that relevant agenda.
- 3.6 If the Chairman of the Approving Committee is having a conflict of interest, the most senior Member who does not have a conflict of interest will act as the Chairman on that particular agenda only. Once the discussion has been completed and the decision has been made, the Chairman concerned will resume his original responsibility.
- 3.7 The attendance of the Member who has conflict of interest may still be counted for the purpose of determining a meeting quorum.
- 3.8 This policy is not applicable to any Member of the Approving Committee who holds office in a company as a representative of another company (Kulim or JCorp Group) which has the control or partial control over the former company for the purpose of collaboration, award of contract, appointment of vendor, any other form of dealing or thing done in his capacity as such representative for the interest or advantage of that other company.

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3.9 For the avoidance of doubt, this policy also prohibits relative relationship exists between those who will be involved in the supervision of the work between employees as well as between the employees with agents, suppliers, contractors and service providers.

3.10 If there is any doubt regarding the existence of conflict of interest, please contact the Integrity Unit for assistance.

4. NON COMPLIANCE

4.1 Kulim may take disciplinary action if any Members or Kulim's employees fail to disclose their conflict of interest.

4.2 Any disciplinary action taken by Kulim will not prevent any civil and/or criminal law to be taken by any law enforcement agencies based on the existing provision of law.

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INTERPRETATION

Approving Committee : Refers to the board and management committee, such as Board of Directors Meeting (BOD), Board of Audit and Risk Committee (BARC), Board of Investment Committee (BIC), Board of Nomination and Remuneration Committee (BNRC), Board of Tender Committee (BTC), Management Committee Meeting (MCM), Management Committee Meeting – Tender (MCM-T) Recruitment Interview, Contract Interview Committee, Opening Tender Committee, Performance Talent Management Committee, and any other official meetings and discussions.

Relative relationship :

- (a) a spouse of the person;
- (b) a brother or sister of the person;
- (c) a brother or sister of the spouse of the person;
- (d) a lineal ascendant or descendant of the person; (grandfather, grandmother, father, mother, daughters, sons, grandchildren)
- (e) a lineal ascendant or descendant of a spouse of the person; (grandfather, grandmother, father, mother, daughters, sons, grandchildren)
- (f) a lineal descendant of a person referred to item (b); (nephew, nieces, grandnephews, grandnieces)
- (g) the uncle, aunt or cousin of the person; or the son-in-law or daughter-in-law of the person;

The above definition also covers “Adopted” and “Step” relative relationship.

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INTERPRETATION

Interpretation of "RELATIVES"

