

CLAUSES RELATING TO CONFLICT OF INTEREST

PROGRESSIVE IMPACT CORPORATION BERHAD *and its Subsidiaries and Associate Companies*



1. GENERAL CONSIDERATIONS

- 1.1 Conflict of interest in relation to your employment with Progressive Impact Corporation Berhad (hereafter called “the Company”) can arise from a number of different sources such as outside business appointments, relationship with contractors selected by the Company, certain shareholdings, or even excessive voluntary community activities. Typically, conflict of interest will arise when an employee’s ability to perform his Company duties effectively and impartially is potentially impaired by an outside appointment, relationship or activity.
- 1.2 Most employees readily appreciate that they should not take improper advantage of their positions as employees of the Company or of information obtained in the course of their employment. Similarly, most employees acknowledge that they should not, by concentrating unduly on some outside activity, lessen their contribution to their work in the Company. The Company wishes to ensure the minimum limitation of freedom of action of its employees.
- 1.3 The purpose of this document is to restate the Company’s policy on conflict of interest so that employees can take this into account when forming their own judgements about any outside role, relationship or activity concerning them. It is not possible to set out a detailed set of rules covering conflict of interest as such a set of rules could never cover all the circumstances. The following should, therefore, be regarded as being general guidelines which all employees should comply with.
- 1.4 Employees are relied upon to exercise basic common sense in avoiding conflict of interest. They are expected to act in a manner consistent with giving their full-time services to the Company and to avoid situations that might give rise to questions as to whether they have acted in the best interests of the Company. On occasions, however, the question of whether or not a conflict of interest exists may be less clear and open to interpretation. Whenever such a case arises, the employee concerned should consult his respective Superior.

2. OUTSIDE BUSINESS APPOINTMENTS

The general rule is that employees of the Company may not accept employment in any other company, firm or organisation. Any outside business appointment whether as employee, executive director, active partner, adviser, agent, manager or consultant, may only be undertaken in exceptional cases and that only with the Group Managing Director’s or Group Executive Director’s written permission.

3. OUTSIDE NON-EXECUTIVE DIRECTORSHIPS, ETC.

Employees of the Company may not accept outside non-executive directorship or become silent partners in entities, which are either listed on the Company’s lists of authorised contractors or which have contractual or supply arrangements with the Company. Should employees become involved in such directorships or partnerships, say through the change in status of a business in

which they hold a non-executive directorship or of which they are a silent partner, they have an obligation to inform the Group Managing Director or Group Executive Director immediately in writing of the change in circumstances. The Group Managing Director or Group Executive Director will then consult with the employee concerned as to the best possible way to prevent a conflict of interest.

4. OWNERSHIP OF EQUITY IN ENTITIES HAVING A BUSINESS RELATIONSHIP WITH THE COMPANY

4.1 Employees of the Company may not own, either directly or indirectly, e.g. through their immediate family, shares or other forms of beneficial interest (herein collectively called “equity”) in:-

- a) Privately owned entities which derive the major part of their income from contractual or other business arrangements with the Company;
- b) Privately owned entities which are listed in the Company’s list of authorised contractors, even if the entities concerned do not derive most of their income from contractual or other business arrangements with the Company;
- c) Privately owned entities supplying materials, equipment, property and/or services to the Company.

4.2 Should an employee become directly or indirectly (e.g. through immediate family) the owner of equity in such entities which have the aforesaid relationships with the Company, then the employee has an immediate obligation to inform the Group Managing Director or Group Executive Director immediately in writing of the change in circumstances. The Managing Director or Group Executive Director will then consult with the employee concerned as to the most appropriate way to prevent a conflict of interest.

4.3 As can be seen, the above ruling does not apply to shares held by employees in publicly quoted Companies, which have a business relationship with Company, either directly or through a subsidiary. However, in this case, if there is any possibility that such a holding could cause conflict with his duty as a Progressive Impact Corporation Berhad employee, the employee concerned should bring the matter to the immediate attention of the Group Managing Director or the Group Executive Director in writing. In so far as an employee has any equity holdings in such companies and that employee is involved in decisions regarding dealing with such companies in the course of his duties with the Company, it is recommended, in the employee’s own interest, that he, in any event, advises his Superior in writing of the holdings in question. The Superior will then decide whether or not it is necessary to forward this information to the Group Managing Director or the Group Executive Director.

5. FAMILY INTERESTS

Employees whose families have interests (whether this be in the form of directorships, partnerships, shareholdings, or through agencies) in entities, which are on the Company's list of authorised contractors or which have contractual or supply arrangements with the Company, and who are involved in any decisions regarding the dealings (whether directly or indirectly) with such entities in the course of their duties with the Company, should inform the Group Managing Director or Group Executive Director in writing of such interests prior to entering any such decisions/dealings. The Group Managing Director or Group Executive Director will then consult with the employee concerned as to the best possible way to prevent a conflict of interest.

6. CONTRACTUAL DEALING WITH EMPLOYEES

The Company shall not purchase or lease property, equipment or materials from or enter into contractual arrangements (other than employment contracts) with its employees, except in exceptional circumstances and only then when authorised in writing by the Group Managing Director or Group Executive Director.

7. INSIDE INFORMATION ON COMPANY BUSINESS

Certain employees will by nature of their position often be in possession of confidential information about the Company and/or its affiliates/associates. It is important, from the point of view of the Company and of the individual that no grounds should be given for the suggestion that any such information, gained in the course of Company employment be used for personal advantage or used improperly. Various detailed guidelines are issued from time to time to certain employees on this subject. It suffices here to say that the basic principle of these guidelines is that an employee should not, without authority, disclose any confidential information about the Company's and/or its affiliate/associates' affairs to unauthorised persons or use or appear to use such information for the benefit of himself or others.

8. GIFTS

8.1 The Company does not wish to encourage the giving of gifts or the provision of gratuitous services by the Company's contractors, suppliers, bankers, dealers or customers to its employees, as this could place such employees in a position whereby their independent business judgement may be prejudiced. However, it recognises that during certain festive seasons, it is the custom for contractors, etc. to give consumable gifts e.g. hampers, to Company employees and that there are also a variety of small gifts and souvenirs such as calendars, diaries, desk diaries, which have little or no monetary value, and which are traditionally given to employees by such parties at certain times of the year. In recognition of the foregoing, the Company's policy is as follows:-

- a) In no case should an employee accept any gifts of a substantial value or of a cash nature or the offer of gratuitous services from the Company's contractors, suppliers,

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bankers, dealers or customers, whether actual or potential and whether they be offered/made directly or indirectly or whether they be made to the employee or to his immediate family.

- b) All gifts of whatever nature received by an employee or his immediate family, either directly or indirectly, from the Company's contractors, suppliers, bankers, dealers or customers, whether actual or potential, other than "souvenir" items such as calendars, diaries, desk diaries, which have little or no monetary value, must, on receipt, be reported in writing by the recipient to his Superior.
 - c) In each case, the Superior will consult with the HR Department / the Group Managing Director or Group Executive Director for advice on whether or not the gift may be retained by the individual. The general principle guiding this decision will be that only gifts of a festive seasonal nature, which are consumable or a "souvenir" item and of a low monetary value (less than RM250.00), will be allowed to be retained; all other gifts will have to be returned forthwith.
- 8.2 In no case should any employee or his immediate family solicit gifts or gratuitous services from such parties.
- 8.3 The onus to report on gifts received rests entirely upon the employee involved. Whereas the Company will, from time to time, remind employees of this obligation by circulars and will also advise contractors and suppliers of Company policy in this regard, the issue of this periodic reminder will, in no way, relieve the duty of employees to comply with the above obligations. If any employee is in doubt as to whether a "souvenir" item exceeds the criteria laid down in (b) above, it is recommended that the item be reported.

9. ENTERTAINMENT

It is not unusual, in the course of business, for employees and their spouses to be entertained by contractors, suppliers, bankers, dealers or customers. If such entertainment becomes a regular feature or when it exceeds a reasonable scale, employees are advised to report this to their Superior. An occasional dinner is acceptable but lavish entertainment or a paid holiday is not.

10. PUBLIC SERVICE, RECREATION, SPORTING & COMMUNITY ACTIVITIES

- 10.1 Generally, the Company wishes to encourage the participation of employees outside working hours in unpaid voluntary public service, recreational, sporting and other community activities. Sometimes, however, these activities fall too heavily on certain individuals and the effectiveness of their work for the Company may, thereby, be diminished. The general rule is that employees invited to serve on local bodies, or as an appointed or elected club officials must be able to combine their outside activities with full-time Company employment. Such employees must be able to discharge their dual

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responsibilities satisfactorily both in respect of the time taken up by the outside activity and the compatible nature of the duties involved.

10.2 Employees wishing to serve on both statutory or public bodies must obtain the Group Managing Director's or Group Executive Director's written permission.

10.3 Employees who consider it sufficiently important for them to take time off during working hours to undertake some outside activity or duty must obtain permission from their Superior beforehand.

11. DISCLOSURES

All employees holding any Outside Business Appointment, Outside Non-Executive Directorship, etc. any Local Statutory or Public Appointment or owning Equity, or whose family have Family Interests, all as defined above, must declare such interests in writing to the Company. Furthermore, all employees must on receipt of this conflict of interest return attached to the statement and send the same the Group Managing Director or Group Executive Director. Similarly, all employees must make the written disclosure to the Company mentioned in **paragraph 8** regarding Gifts.

SUBJECT: CONFLICT OF INTEREST

I, _____ hereby acknowledge that I have read and understood the Conflict of Interest.

Signature of Employee: _____

Date: _____

Signature of Witness: _____

Date: _____