



**TAFI INDUSTRIES BERHAD
GROUP OF COMPANIES**

CONFLICT OF INTEREST POLICY

13 MARCH 2024

CONFLICT OF INTEREST POLICY

1. INTRODUCTION

- 1.1 TAFI Industries Berhad and its group of companies (“**TAFI**”) is committed to maintaining the highest of ethical standards and governance. Accordingly, TAFI expects all employees 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 This conflict of Interest Policy (“**The Policy**”) outlines the disclosure obligations of each Director and Key Senior Management of TAFI with respect to conflict of interest and the procedures to be followed when a conflict of interest arises or potentially arises. These aim to manage actual, potential and perceived conflict of interest and clearly state the principles with which TAFI approaches any such situations.

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 and when they arise.

3. SCOPE

- 3.1 This policy is intended to apply to all Directors and Key Senior Management of TAFI. For avoidance of doubt, the employees other than Directors and Key Senior Management shall abide by the Code of Business Conduct and Ethics and the Conflict of Interest Disclosure Statement therein.
- 3.2 This policy applies whenever an individual recognises, or should reasonably recognise, that a conflict of interest may arise between their personal interests and the interest of TAFI from their current or future activities.

The personal interest shall include but not limited to the interests of family member of the Directors and Key Senior Management of TAFI.

4. DEFINITIONS

- 4.1 “**Beneficial interest**” refers to the right to receive economic benefits (whether financial or non-financial) 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: -
- a. A spouse of the person;
 - b. A brother or sister of the person, or their spouses;
 - c. A lineal ascendant or descendant of the person (e.g. parents or children);
 - d. The son-in-law or daughter-in-law of the person.
- 4.4 “**Material**” in relation to shareholding means equity ownership of 5% or more in a Public Listed Company or 20% or more in a Sdn. Bhd.

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 Conflict of interest situations may take many forms. Directors and Key Senior Management should be vigilant in identifying situation that may give rise to conflict of interest.
- 5.3 Examples of situations (non-exhaustive) where a conflict of interest could arise are as follows:
 - a. Where a Director or Key Senior Management is interested in a contract or proposed contract with TAFI.
 - b. Where a Director hold another office or possesses any property where duties or interests are created which may conflict with his duties and interest as a Director.
 - c. Where a Director or Key Senior Management uses TAFI's property, information or position for personal gain.
 - d. Where a Director or Key Senior Management takes advantage of any opportunity which may be given to TAFI.
 - e. Channeling benefits or resources meant for TAFI to a company which the Director or Key Senior Management has an interest.
 - f. Disclosing trade secrets to competitors when the Director or Key Senior Management has an interest in such competitors.
 - g. Leveraging TAFI's business plans for personal gain through private companies.
 - h. Involvement in business that competes with TAFI.
 - i. Holding offices or directorships in companies that compete with TAFI.

6. Disclosure of Conflict of Interest

- 6.1 Any Director or Key Senior Management who becomes aware of a conflict of interest must promptly disclose the nature and extent of the conflict to TAFI.
- 6.2 Disclosure should occur as soon as practicable after the relevant facts have come to the knowledge of the individual and should be made on a periodic and regular basis, including at all board meetings.
- 6.3 The disclosure should include all relevant details, such as the nature and extent of interest (including interest in any competing business with TAFI), the relationship or transaction involved and the potential impact on TAFI using the prescribed form.
- 6.4 Such disclosure shall be submitted to the Audit Chairman / Senior Independent Director and subsequently be reviewed by the Audit Committee. A copy of the prescribed form shall be kept by the Company Secretary.
- 6.5 If a Director or Key Senior Management is in doubt whether he/she has a conflict of interest, he/she should seek advice from the Audit Chairman.

7. MANAGING CONFLICTS OF INTEREST

- 7.1 The Audit Chairman / Senior Independent Director once received the disclosure in the prescribed form, will review its materiality before reporting to Audit Committee for reviewing.
- 7.2 The Audit Committee shall review and report any conflict of interest situations to the Board, along with the measures taken to resolve, eliminate, or mitigate such conflicts. These disclosures should be included in the Audit Committee Report.
- 7.3 The Audit Committee's reviews and disclosures must cover conflict of interest situations that arose or may arise during the financial year, as well as persisting conflict of interest from previous financial years.
- 7.4 The Board may determine appropriate measures to address conflict of interest, including but not limited to the following: -
- a. Requiring prompt and periodic declaration of conflict of interest by the Director and Key Senior Management of TAFI on a periodic and regular basis, including at all board meetings;
 - b. Restricting the participation of individuals with conflict of interest in relevant board, committee or general meetings, requiring them to abstain or recuse themselves from deliberation and voting on matters related to the conflicts;
 - c. Conducting an assessment of conflict of interest during annual performance appraisal and before new appointments;
 - d. Executing non-disclosure or confidentiality agreements to protect confidential and proprietary information or trade secrets;
 - e. Restricting Director and Key Senior Management from participating in businesses that compete with TAFI;
 - f. In cases where conflict of interest significantly affects the performance of the Director or Key Senior Management requiring them to divest the conflicting interest or consider resigning from TAFI. Taking into account the significance of the conflict of interest and potential ramifications of a failure to handle the conflict properly, Directors should consider whether to inform the Board not to send them board papers relating to the resolution.

8. RECORDS MAINTENANCE

- a. The Company Secretaries shall be responsible to record all conflict of interest disclosures by the interested Director or Key Senior Management in the minutes of meeting of the Board or in the board circular resolution as the case may be, at which the declaration was made and to maintain an updated record of such conflict of interest disclosures received.
- b. These records shall be made available for inspection by auditors or other regulatory authorities upon request.
- c. TAFI will take all reasonable steps to ensure compliance with Personal Data Protection Act in collecting and using the information as part of the assessment process. The information gathered from the assessments shall be strictly for the Board and Audit Committee's use for the purpose of the assessment and not for public disclosure.

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 TAFI's Code of Business Conduct 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.