SENHENG NEW RETAIL BERHAD
[202101019079 (1419379-T)]

CONFLICT-OF-INTEREST

POLICY AND GUIDELINES

1. Introduction

This Conflict-of-Interest Policy and Guideline ("Policy") is applicable to all Directors, key senior management, and employees of Senheng New Retail Berhad ("Senheng") and its group of companies (collectively referred to as the "Group" hereinafter), including full time or permanent employees or employees on secondment, fixed-terms and contract terms.

The Group is dedicated to maintaining the highest of ethical standards and acknowledges the importance to consistently demonstrate adherence to the highest standards of governance. It is expected that all staff exhibit integrity, impartiality, and professionalism in their conduct, avoiding any conflict-of-interest ("COI") that may arise during the execution of their responsibilities.

This Policy is applicable whenever an individual identifies, or should reasonably anticipate, the potential emergence of a COI in their present or future activities. The Policy offers guidance on the identification and declaration of all COI, the formulation, implementation, and monitoring of measures to appropriately address conflicts, and the protocol for handling violations of this Policy. Given the broad scope of activities that could lead to COI, Directors, key senior management, and employees are required to exercise prudent judgement and adhere not only to the literal wording but also the underlying principles of this Policy.

2. Objective

The objective of this Policy is to ensure that actual, potential and perceived COI are identified and managed effectively. It aims to offer guidance on addressing situations where COI may arise.

Identifying and managing COI in a timely and effective manner ensure that business decisions align with the best interests of the Group. This proactive approach safeguards the Group from potential harm to its operations and reputation that may result from unaddressed COI.

3. Definition and Guidance on COI Examples

Pursuant to Issuers Communication Guidance on COI ICN 1/2023, COI refers to situations where the interests of the said person (who is often a person in a position of trust), interfere, or appear to interfere, with the interests of the listed issuer or its subsidiaries ("listed issuer group"); or (b) the said person has interests that may make it difficult to perform his or her role objectively and effectively.

A COI arises when an individual, be it a director, key senior management, or employee, faces a situation where their personal interests or external commitments could compromise their ability to make impartial decisions in the best interests of the Group.

This conflict has the potential to undermine objectivity, impair judgment, or compromise the impartial execution of their role.

The COI Policy and Guidelines are instituted to proactively recognise, address, and minimise these conflicts, thereby safeguarding the organisation's integrity, upholding transparency, and ensuring adherence to high ethical standards in all operational aspects. This framework establishes procedures for identifying, disclosing, and managing conflicts to maintain the organisation's reputation and trustworthiness.

COI can be described under the following broad categories:

a. <u>Equity ownership in entities having a business relationship with the Group:</u>

COI may occur when an individual holds equity in external entities that engage in business with the Group, as this ownership may influence decision-making in a manner that prioritises personal financial gain over the best interests of the Group.

This pertains to situations where a Director, key senior management, or employee possesses shares in privately-owned entities that engage in business with the Group, whether through direct ownership or indirect ownership (e.g. through a family member (for this Policy, "family member" comprises employee's spouse, parents, children, brothers, sisters and spouse of child, brother or sister)). This excludes shares held in publicly quoted companies with a business relationship with the Group unless such holdings are deemed substantial and likely to compromise the impartiality of the involved Director or employee.

b. <u>Directorship, partnership, or other forms of beneficial interest in entities having a business relationship with the Group:</u>

This is relevant in instances where a Director, key senior management, or employee occupies a role or has a stake in entities that have business ties with the Group. For instance, if a Group employee serves as a Director in a company that supplies materials to the Group, such scenarios would give rise to COI.

c. <u>Other employment, business appointments, or undertakings:</u>

COI can emerge when employees engage in part-time employment or hold other business appointments or commitments. Employees are required to dedicate their time, attention, and commitment to their job responsibilities during working hours. Additionally, conflicts may arise if involvement in external business activities outside working hours demands an excessive amount of time and attention, potentially affecting job performance and depriving the Group of the employee's optimal effort.

d. Personal relationships:

A COI can exist if an employee's family member holds a reporting relationship with the employee. Employees should not share the same department or division with a family member and must refrain from directly or indirectly supervising or influencing the hiring, work assignments, or assessments of that family member. Additionally, conflicts arise if a Director or employee's family member has an interest (such as ownership, directorships, partnerships, employment, etc.) in entities engaged in contractual arrangements with the Group. For instance, if an employee's spouse works for a company providing consultancy services to the Group. This extends to situations where a family member of a Group staff member is employed by a company bidding for a project to be awarded by the Group, even in the absence of a finalised contractual arrangement.

e. Contractual dealings with employees:

This pertains to instances where the Group acquires or rents property, equipment, materials, etc., from Directors, key senior management, or employees, or engages in contractual agreements with Directors or employees (excluding employment contracts). Such scenarios create COI as it involves individuals entering into contractual dealings with fellow employees, or their close associates, creating situations where personal interests may conflict with the fair and unbiased execution of professional responsibilities. This should not happen unless there are exceptional circumstances.

f. Dealings with competitors:

A COI arises if a Director, key senior management, employee, or a family member of a Director or employee has financial or other interests in the business of a competitor or holds a directorship in a competing company. This excludes the ownership of publicly-quoted shares in competitor companies unless such holdings are considered significant and likely to compromise the impartiality of the involved Director or employee. If an employee assumes employment with a competitor, a COI may arise, especially if the employee deals with sensitive or confidential information during their tenure with the Group. In such cases, the COI must be promptly disclosed upon accepting employment with the competitor, enabling the Group to take necessary actions to manage the conflict.

g. Involvement in activities where the Director or employee concerned is the subject matter:

A COI occurs when a Director or employee engages in activities where they are the subject of discussion or when decisions directly involve them. An instance of such a circumstance is when an allegation is lodged against a Director or employee through the whistleblowing channel, and the same Director or employee is involved in the investigative team assigned to look into the allegation.

h. <u>Acceptance of meals or entertainment:</u>

Accepting meals or entertainment could impact the objectivity and judgment of a Director or employee. It is the Director's or employee's duty to adhere to the Group's Anti-Bribery and Corruption Policy, ensuring that they neither receive nor give anything that could lead to a COI or cast doubt on their integrity.

4. Roles and Responsibilities

All employees bear the responsibility of proactively identifying and addressing COI as an ongoing part of their role. This entails (but not limited to):

a. **Compliance with Policy:** Employees are required to adhere to the guidelines outlined in this Policy, as well as other relevant policies and guidelines governing the identification, documentation, escalation, and resolution of COI.

b. **Behavioral Standards:** Employees must conduct themselves with objectivity, integrity, and independence, ensuring that their decisions are characterised by sound judgment and discretion.

c. **Preventive Measures:** Whenever possible, employees should avoid situations that could potentially give rise to COI, as explicitly described in this Policy.

d. **Prompt Declaration and Withdrawal:** In the event of a COI, employees are obligated to promptly declare it in accordance to this Policy. Following the declaration, they are required to remove themselves from the decision-making process and refrain from exerting any further influence on those decisions. This ensures transparency and ethical conduct in managing COI within the organisation.

The following highlight in detail the roles and responsibilities by departments / divisions (but not limited to):

a. Employees:

- Recognises potential COI and promptly discloses them;
- Provides accurate and complete information when disclosing conflicts; and
- Collaborates with relevant departments to address and manages conflicts appropriately.

b. Human Resources Department:

- Distributes COI Disclosure Form to relevant employees / Director in the event of required COI disclosure.
- Receives and reviews COI Disclosure Forms;
- Assesses the disclosed conflicts and recommends appropriate actions;
- Maintains confidential records of conflict disclosures and resolutions; and
- Provides guidance and education to employees on COI matters.

c. Strategic Planning Committee

- Reviews and approves conflicts related to Group Strategy and Business Development.

d. Head of Company Secretary:

- Reviews and approves conflicts related to legal and corporate governance matters; and
- Ensures compliance with legal requirements and maintain records of disclosures.

e. Head of Procurement:

- Reviews and approves conflicts related to procurement activities; and
- Collaborates with employees to develop strategies for managing procurement conflicts.

f. Executive Chairman / President:

- Oversees and makes decisions on conflicts escalated from HR or department heads; and
- Ensures the consistent application of the COI policy across the organisation.

g. Board of Directors:

- Regularly reviews and approves updates to the COI policy;
- Provides oversight on the overall effectiveness of the COI framework; and
- Where applicable, deliberates and endorses measures to be taken to resolve, or mitigate COI that were reported by Audit and Risk Management Committee (“ARMC”).

h. Head of Division:

- Works with employees to address and manages conflicts within their respective departments; and
- Provides support in implementing conflict management strategies.

i. ARMC

- Review and assess potential COI based on disclosure input as provided by Management;
- Ensure the Management establishes policies and procedures for disclosing, managing, and mitigating COI;
- Continuously monitor the business environment, organisational activities, and relationships to identify emerging conflicts-of-interests based on input as provided by Management; and
- Review and report to the Board, any COI situation that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts, as well as disclose them in the ARMC report.

5. Legal / Fiduciary Duties of Directors to avoid COI

a. Duty of Loyalty:

Directors have a legal obligation to act in the best interests of the company. This duty requires directors to prioritise the company's welfare over personal interests and avoid situations where their personal interests may conflict with those of the company.

b. Full Disclosure:

Directors are required to disclose any potential COI promptly and fully. The conflict should be disclosed to the Board of Directors ("Board") and documented by the Company Secretary ("CoSec"). Declarations should occur immediately upon awareness of the conflict. This includes providing details about financial interests, relationships, or any other circumstances that could compromise their ability to make impartial decisions in the best interests of the company.

c. Abstention from Voting:

Directors should abstain from participating in relevant decision-making processes in situations where the director has a COI. This helps maintain the integrity of the decision-making and ensures that actions are taken without undue influence.

d. Prohibition of Self-Dealing:

Directors must refrain from engaging in self-dealing, which involves taking advantage of their position for personal gain at the expense of the company. This includes not participating in transactions where they have a personal interest that could conflict with the interests of the company.

e. Duty of Care:

Directors have a duty of care to act with diligence and prudence in making decisions for the company. This duty involves thoroughly considering all relevant information and making informed decisions that align with the best interests of the company and its stakeholders.

f. Avoidance of Competing Interests:

Directors should avoid situations where their personal interests may compete with the interests of the company. This includes refraining from engaging in business activities or investments that could compromise their ability to make impartial decisions for the company.

g. Continuous Monitoring and Disclosure:

Directors should continuously monitor their personal and financial interests, regularly disclose any changes or new potential conflicts, and take proactive measures to address and manage conflicts in collaboration with the Board.

6. Managing Conflicts of Interest

a. Any instance of COI requires the completion of the COI Declaration Form (refer to appendix 1). The concerned individual must promptly escalate the conflict to their Division Head of Department ("DIH") for further action.

b. Upon completion, the COI Declaration Form is to be submitted to the Head of Human Resources ("HR") by the DIH of the conflicted individual. A sample COI Declaration form is provided in Appendix 1.

c. COI declaration shall be made by an employee / Director at least on an annual basis or when emerging COI situation arises.

d. In addition to declaring the conflict, necessary measures must be implemented to manage and mitigate its impact on the decision-making process. Ideally, conflicts should be avoided, possibly by relinquishing the conflicting interest. However, if complete avoidance is impractical, appropriate actions must be taken based on the nature and severity of the conflict.

e. For conflicts with infrequent occurrence and minimal impact, the conflicted person's participation in the decision-making process should be restricted. This restriction encompasses, but is not confined to, the following:

   i. **Avoidance of Critical Roles:** The individual should refrain from participating in any critical roles related to setting criteria or making decisions in the process;

   ii. **Abstaining from Discussions:** Participation in discussions regarding the matter should be avoided;

   iii. **Limited Access to Information:** The individual's access to information should be constrained, including denial of entry to sensitive documents or confidential information involved in the process; and

   iv. **Abstention from Voting:** The individual should abstain from participating in the voting process for the decision.

f. In cases where conflicts are ongoing and could have significant implications, the individual with the conflict should be entirely removed from the process. This restriction encompasses, but is not confined to, the following:

   i. **Complete Abstention from Involvement:** The individual must entirely abstain from any involvement in the matter to eliminate potential bias;

   ii. **Duties Reassignment:** Duties and responsibilities should be reassigned to a function that does not pose a conflict, ensuring that it is not to a person supervised by the conflicted individual; and

iii. **Transfer to Another Project or Area:** Alternatively, the person with the conflict may be transferred to another project or a different area within the Group, ensuring a complete separation from the conflicting situation.

7. Monitoring Conflicts of Interest

a. The Human Resources ("HR") department is responsible for overseeing COI concerning staff. Upon receipt of the COI Declaration Form, HR shall assess the measures taken to address the conflict and determine, on a case-by-case basis, the appropriateness and effectiveness of such actions. COI disclosure report shall be provided to ARMC to review and assess potential COI based on disclosure input as provided by Management; ensure the Management establishes policies and procedures for disclosing, managing, and mitigating COI; continuously identify, review and report emerging COI to the Board, any COI situation that arose, persist or may arise.

b. Should the HR find that the actions taken by the individual with the conflict or the DIH are insufficient in managing or resolving the conflict, the HR shall recommend further actions.

c. In the event of a disagreement between the individual with the conflict or their DIH and HR, the matter shall be elevated to the Executive Chairman and President for a final decision. HR shall be consulted should there be uncertainties regarding the COI situation.

d. The ARMC shall monitor and deliberate on COI matters during the ARMC meeting on a quarterly basis.

e. The HR shall keep records of all COI declarations, along with other pertinent documents reflecting the actions taken to mitigate the conflict. For conflicts involving Directors, the CoSec shall maintain records of declarations and any associated documents.

8. Breach of Policy

Neglecting to reveal a COI, furnishing incomplete or inaccurate details about the conflict, or inadequately handling the conflict goes against the principles outlined in this Policy. Such actions are considered breaches, and as a consequence, disciplinary actions may be initiated by the Group. Disciplinary measures could include a range of actions such as warnings, reprimands, or more severe consequences depending on the severity and recurrence of the breach. It underscores the importance of transparent and proactive management of COI to maintain the integrity and ethical standards of the organisation.

9. COI Disclosure Requirements

Pursuant to the circular in relation to amendments to the listing requirements of Main and ACE Markets of Bursa Securities ("LR") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 26 May 2023, Relevant Officers (directors and key senior management) must disclose their nature and extent of any COI or potential COI, including interest in any competing business, that they have or may have with the listed issuer/corporation or its subsidiaries. Listed issuer/corporation must disclose the aforesaid information in:

a. its announcements for appointment of director, chief executive, chief financial officer and legal representative (if applicable);
b. its statement accompanying notice of annual general meeting for election of a person as director; and
c. the profiles of Relevant Officers as contained in its annual report.

The Audit and Risk Management Committee of listed issuer/corporation ("ARMC") shall review and report to the Board, any COI situation that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts, as well as disclose them in the ` report. For this purpose, the ARMC's review and disclosure in the ARMC report shall include any COI that arose or might arise during the financial year as well as persisting COI from previous financial years.

10. Review

The Board and senior management of the Company shall conduct periodic reviews of the Policy, making adjustments as necessary to ensure its continued relevance and appropriateness in line with evolving circumstances and organisational needs. This process reflects a commitment to maintaining a dynamic and effective COI policy framework within the Company.

11. Record Keeping

Maintain accurate and confidential records of all conflict disclosures, reviews, and resolutions. Ensure compliance with record-keeping requirements for legal and auditing purposes.

This Policy was adopted by the Board on [date].

END

GLOSSARY

Directors	refers to individuals who serve on the Board. These individuals are responsible for making strategic decisions, providing oversight, and ensuring the organisation's adherence to ethical and legal standards.
Board	refers to the board of directors of an organisation. The board is a governing body responsible for overseeing the organisation's management, setting strategic direction, and ensuring that the company operates in the best interests of its stakeholders.
Management	refers to key senior management personnel, executives and leaders responsible for the day-to-day operations and decision-making within the organisation. This includes roles such as CEOs, CFOs, and other top-level executives. Members of the management team are accountable for implementing the strategies set by the board, achieving organisational goals, and ensuring the overall success of the company.
Employees	refers to individuals working full-time and on contract for the organisation.
Relevant Officers	refers to directors and key senior management within the organisation who hold positions with significant decision-making authority or influence.
Division Head of Department	refers to an individual leading a specific division or department within the organisation. This position may come with decision-making authority and responsibilities in their relevant areas of expertise.
Company Secretary	refers to an individual appointed by the organisation to fulfill legal and administrative responsibilities, including maintaining corporate records, facilitating communication with stakeholders, and ensuring compliance with legal and regulatory requirements.
Strategic Planning Committee	refers to a group within the organisation responsible for making strategic decisions related to the planning and direction of the company. The committee typically comprises key executives and leaders who bring diverse expertise and perspectives to the table. The main objective of the committee is to guide the organisation in achieving its long-term goals, maintaining competitiveness, and adapting to changes in the business environment.
Executive Chairman / President	refers to the top executive leadership role within the organisation. This individual holds significant decision-making power and often plays a crucial role in setting the organisation's direction.