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TITLE:

CONFLICTS OF INTEREST POLICY

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Contents

1. Background	3
2. Objective	3
3. Scope	3
4. References	3
5. Definitions included in the policy.....	4
6. Policy owner.....	6
7. Responsibilities	7
8. Policy	7
9. Sanctions for non-compliance	10
10. Waiver	10
11. Review & Inspection	10

1. Background

Conflicts of interest arise where a person's private interests conflict with their professional duties as a result of a particular connection, such as a family relationship, a shareholding or additional employment position. These conflicting interests will have the effect of unduly influencing that person's business judgments, decisions or actions, to the detriment of their employer.

Having a Conflict of Interest is not necessarily wrong. However, conflicting interests can make it difficult for that individual to work objectively and efficiently when making judgments, taking decisions, or pursuing certain actions, and may also have legal and regulatory consequences. This is why transparency, in the form of disclosure, is critical and helps to protect the integrity and reputation of both TNBES and the person involved.

TNBES has prepared this policy document to provide instruction and guidance on its position regarding conflicts of interest and how they should be managed.

2. Objective

This policy explains the relevant principles and rules for preventing or managing conflicts of interest, and how such principles and rules are to be implemented.

3. Scope

- 3.1 This policy is applicable to TNBES, the BOD and TNBES Personnel along with its Controlled Organisations, their BODs and personnel; also the BODs and personnel of Business Associates when they are acting on TNBES' behalf.
- 3.2 Where TNBES does not hold the controlling interest, TNBES will endeavour to ensure the appropriate Conflict of Interest procedures are in place with the agreement of its business partners.

4. References

- a) TNBES Anti-Bribery Policy
- b) TNBES *Buku Prosedur Tata tertib*
- c) TCIMS Glossary of Terms
- d) TNBES Gifts, Hospitality and Related Benefits Policy
- e) TNBES Integrity Pact Policy
- f) TNBES Whistleblowing Policy
- g) TCIMS Monitoring and Review Procedure

5. Definitions included in the policy

BOD	The Board of Directors of TNBES and the Boards of its Controlled Organisations
Bribery	<p>Bribery is defined as any action which would be considered as an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission Act 2009 (MACCA).</p> <p>In practice, this means offering, giving, receiving or soliciting something of value in an attempt to illicitly influence the decisions or actions of a person a position of trust within an organisation.</p> <p>‘Gratification’ is defined in the MACCA to mean the following:</p> <ul style="list-style-type: none"> (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; (b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity; (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part; (d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage; (e) any forbearance to demand any money or money's worth or valuable thing; (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 (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). <p>Bribery may be ‘outbound’, where someone acting on behalf of TNB attempts to influence the actions of someone external, such as a Government official or client decision-maker.</p> <p>It may also be ‘inbound’, where an external party is attempting to influence someone within the TNB Group such as a senior decision-maker or someone with access to confidential information.</p>

Business Associate	An external party with whom the organisation 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 (ISO 37001 definition). A Business Associate may also be referred to as a Third Party, particular if the associate is acting on behalf of the organisation.
Closely Related Person(s)	The person's relatives as defined by the Malaysia MACC Act 2009 Section 3, or someone with whom the person has a personal friendship, or anyone living in the same household as the person. A broader term than 'relative' or 'immediate family'.
Conflict of Interest	When a person's own interests either influence, have the potential to influence, or are perceived to influence their decision making at TNBES.
Controlled Organisation	An entity where TNBES has the decision-making power over the organisation such that it has the right to appoint and remove the management. This would normally be where TNBES has the controlling interest (>50% of the voting share ownership), but it could be where there is an agreement in place that TNBES has the right to appoint the management, for example a joint venture where TNBES has the largest (but still <50%) allocation of the voting shares.
Corruption	The Transparency International definition is used for the TCIMS: 'The abuse of entrusted power for personal gain.' See the definition for 'bribery', which is the term used primarily in the TCIMS.
Corporate Gift	Something given from one organisation to another, with the representatives of each organisation giving and accepting the gift. Corporate gifts may also be promotional items given out equally to the general public at events, trade shows and exhibitions as a part of building the company's brand. The gifts are given transparently and openly. Corporate gifts normally bear the company name and logo. Examples of corporate gifts include items such as diaries, table calendars, pens, notepads, plaques, and festive gifts such as hampers, oranges and dates. See also Personal Gift below.
HR Department	Human Resources Department of TNBES
Integrity Officer	Integrity Officer of TNBES
Integrity Pact	A legal agreement between two entities (normally a purchaser and external provider) to act according to an agreed set of practices, in order to prevent bribery arising during their commercial interactions. To be distinguished from an Integrity Pledge for personnel (see below).

Integrity Pledge	A document signed by an individual, committing themselves to act with integrity as they conduct their duties with the organisation.
Legal Unit	Legal Unit of TNBES
Manager	The person's immediate supervisor.
Management	The general term for personnel with a decision-making role.
Personal Gift	Something given from one individual to another, with the intention of creating or enhancing a personal relationship. The gifts are given in a private setting, without the knowledge or approval of the company management of one or both parties. Personal gifts may include cash, cash equivalents such as credit cards, bitcoin or savings accounts, electronic items, watches, luxury pens, property, vehicles, free fares, shares, interest free loans, lottery tickets, travel facilities, entertainment, services, club memberships, any forms of discount or commission, jewellery, decorations, souvenirs, vouchers or any other valuable items. See also Corporate Gift above.
Relative	As per Section 3 of the Malaysian Anti-Corruption Commission Act 2009, 'relative', in relation to a person, means: <ol style="list-style-type: none"> 1. A spouse of the person; 2. A brother or sister of the person; 3. A brother or sister of the spouse of the person; 4. A lineal ascendant and descendant of the person; 5. A lineal ascendant and descendant of a spouse of the person; 6. A lineal descendant of a person referred to in item 2; 7. The uncle, aunt or cousin of the person; or 8. The son-in-law or daughter-in-law of the person.
TCIMS	TNB Corporate Integrity Management System
Third Party / Parties	An individual or company not directly employed by TNBES but who acts on TNBES' company's behalf, such as a consultant or agent. See 'Business Associate'.
TNBES Personnel	All individuals directly contracted to the company and its Controlled Organisations on an employment basis, including permanent and temporary employees and directors.
TNBES	TNB Energy Services Sdn Bhd and its Controlled Organisations.

6. Policy owner

The Legal Unit is the owner of this policy.

7. Responsibilities

- 7.1 It is the responsibility of all BOD and TNBES Personnel to adhere to the principles and rules set out in this policy.
- 7.2 It is the responsibility of all BOD and TNBES Personnel to make regular scheduled commitments to declare conflicts of interest, using the relevant personal Integrity Pledge.
- 7.3 The Company Secretary (“Cosec”) of TNBES is responsible for managing the statutory Conflict of Interest declarations of the BOD. Where a controlled entity has its own BOD, the Cosec of that company shall be responsible for BOD statutory declarations.
- 7.4 Every Manager is responsible for adherence to this policy within his or her area of functional responsibility, to lead by example, and to provide guidance to those TNBES Personnel reporting to him or her.
- 7.5 The Integrity Officer is responsible for providing guidance on conflicts of interest.
- 7.6 HR Department is responsible for ensuring new TNBES Personnel receive a copy of this policy, and are given access to the Conflict of Interest disclosure system as part of the on-boarding procedure. HR Department should also inform the new TNBES Personnel that any actual, potential or perceived conflicts should be declared. The Integrity Officer will work with HR Department to ensure the relevant materials are provided to new personnel.
- 7.7 As the policy owner, the Integrity Officer has responsibility for overseeing the implementation, communication, monitoring and updating of this policy.

8. Policy

- 8.1 Conflicts of interest occur when a person’s own interests either influence, have the potential to influence, or are perceived to influence their decision-making at TNBES. TNBES therefore defines conflicts of interest broadly: actual conflicts of interest (the person faces a real, existing conflict); potential conflicts of interest (the person is in or could be in a situation that may result in a conflict); and perceived conflicts of interest (the person is in or could be in a situation that may appear to be a conflict, even if this is not the case). All three types of conflict are a potential risk to the company, the person(s) involved, and any external party implicated such as a Business Associate. All actual, potential or perceived conflicts should therefore be declared and managed according to this policy.
- 8.2 A Conflict of Interest may arise from the person’s own assets, income or other factor which could influence their decision-making; or when their decision-making could be affected by a ‘Closely Related Person’ such as a friend or relative.
- 8.3 It is the policy of TNBES that the disclosure and management of conflicts of interest is the responsibility of its personnel at all levels.

- a) All BOD and TNBES Personnel should take the necessary steps to understand what a Conflict of Interest is, avoid such conflicts where possible and declare them if they do arise.
- b) BOD and TNBES Personnel should read information provided by TNBES regarding conflicts of interest, including this policy, so they are familiar with the concept and able to identify a conflict as soon as it emerges. BOD and TNBES Personnel in positions where such conflicts are likely should also attend any training provided.
- c) Some conflicts of interest are insignificant and can be managed through disclosure and monitoring, with no further action required. Some, however, represent a high risk to the reputation or business interests of TNBES, and these should be avoided. 'Avoiding' a Conflict of interest means BOD and TNBES Personnel take decisions or actions to ensure a Conflict of Interest does not occur, be it actual, potential or perceived.
- d) TNBES Personnel should consult their Manager if in doubt about what circumstances might create a Conflict of interest. BOD should seek advice from the Cosec.

8.4 Declarations of Conflict of Interest shall be made both on a scheduled basis and specifically when a conflict arises.

- a) Scheduled declarations should be made by all BOD and TNBES Personnel. For the BOD, the statutory declarations managed by the Cosec should be used. For TNBES Personnel, their regular declarations are done through their annual integrity pledge submission.
- b) In addition, BOD and TNBES Personnel should make a specific declaration using the Conflict of Interest system on an ad hoc basis if and when a conflict arises.

8.5 BOD and TNBES Personnel should disclose all forms of Conflict of Interest as soon as they arise.

- a) In the event of a Conflict of interest, the required action is for personnel to disclose it to their Manager at the earliest opportunity ("Discloser"). Many Conflict of Interest situations can be addressed in a simple and mutually acceptable manner through such a discussion. To keep an accurate record, the Discloser should then complete a Conflict of Interest Disclosure online form, even if no further action is required. This is to protect the person if the matter later comes to light, and to ensure any relevant parties beyond the Discloser and his or her Manager are made aware of the conflict.
- b) If the Discloser is not comfortable with discussing the issue with their Manager, they should contact the Integrity Officer and discuss how to manage the conflict.
- c) Disclosure should take place as soon as the person becomes aware that there may be a Conflict of interest.
- d) BOD should disclose the conflict to the company Chairman for further action.
- e) Members of procurement committees should disclose the conflict to the Chairman of the committee for further action.

- f) Newly hired personnel should disclose all conflicts of interest with TNBES during the hiring process so they can be discussed with the hiring Manager. Any actual, potential or perceived conflict the new hire is aware of should be declared in the Conflict of Interest Form during their on boarding briefing.
- 8.6 Disclosure gives transparency to actual, potential, or perceived conflicts; however, disclosure alone is not always sufficient. This policy also requires that a Conflict of Interest is addressed so that the risk the conflict presents is effectively mitigated.
- a) For TNBES Personnel, addressing a Conflict of Interest is the responsibility of the Discloser's Manager. 'Addressing a Conflict of interest' is the process of identifying and implementing strategies and practices to minimize the risks associated with the disclosed Conflict of interest.
 - b) Specifically, TNBES expects the Manager to:
 - i. Treat the information disclosed by the person with appropriate confidentiality and without bias. Disclosers should be commended for their declaration and not penalised for the additional work the disclosure may create for the Manager and team.
 - ii. Fairly evaluate the Conflict of Interest situation, including the risks to the business interests and reputation of the company.
 - iii. Seek guidance if needed from his or her own Manager and from supporting functions.
 - iv. Make a pragmatic decision to address the Conflict of interest. This should be done in such a way that any risks to TNBES are minimized, the ongoing operation of the department is not unnecessarily disrupted, and the personal interests of the Discloser are protected as far as possible.
 - v. Communicate the decision and its reasoning to the Discloser, and follow up to ensure the person understands and complies with it
 - vi. Ensure the disclosure is documented by the Discloser by completing the online Conflict of Interest Disclosure form.
 - c) For BOD, the company Chairman will manage the disclosure to achieve the appropriate outcome, with assistance of the Cosec.

8.7 Reporting Potential Misconduct/Non-Retaliation

- a) Any person who learns of a potential violation of applicable laws or this policy is required to report his or her suspicion promptly, either to his or her Manager or through the official "reporting channels provided by TNBES.

- b) Personnel who report potential misconduct or who provide information or otherwise assist in any inquiry or investigation of potential misconduct will be protected against retaliation.

9. Sanctions for non-compliance

TNBES regards conflicts of interest as a serious matter and will apply sanctions in the event of violations of this policy. For TNBES Personnel, non-compliance may lead to disciplinary action, up to and including termination of employment. Further legal action may also be taken in the event that TNBES' interests have been harmed by the results on non-compliance by individuals and organisations.

10. Waiver

Any deviation or waiver from this policy must be approved by the BOD.

11. Review & Inspection

The Integrity Officer will review the suitability of this policy from time to time, in accordance with the TCIMS Monitoring and Review Procedure.