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TITLE:

CONFLICTS OF INTEREST POLICY

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1. Background

Conflicts of Interest arise where an individual's interests conflict or may conflict with their professional duties as a result of a particular connection, such as a family relationship, a shareholding or additional employment or business position. These conflicting interests may have the effect of influencing that individual's judgments, decisions or actions, to the detriment of their employer or the organisation. Where an individual's interests may conflict with the interests of the organisation, a potential Conflict of Interest arises.

Having a Conflict of Interest is not necessarily a wrong. However, not addressing conflicting interests can amount to a non-compliance of statutory and regulatory requirements. Having a Conflict of Interest can make it difficult for an individual to work objectively and efficiently when making judgments, taking decisions, or pursuing certain actions. Legal and regulatory consequences may ensue. This is why transparency, with disclosure as a minimum requirement, 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 regarding Conflicts of Interest and how they should be managed. Each case may be differently handled, depending on the facts and circumstances. In the event of doubt, please consult the Legal & Integrity, who may in turn consult members of the IC.

2. Objective

This policy explains the relevant principles and processes for preventing or managing Conflicts of Interest, and how such principles and processes are to be implemented.

3. Scope

This policy is applicable to TNBES and its Subsidiaries. This includes the Board of Directors, Key Senior Management and all Personnel.

4. References

- a) TNBES Anti-Bribery Policy
- b) TNBES Ethics and Integrity Policy
- c) TNBES *Buku Prosedur Tatatertib* TCIMS Glossary of Terms
- d) TNBES Gifts, Hospitality and Related Benefits Policy
- e) TNBES Integrity Pact and Committee Integrity Pledges 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 Subsidiaries.
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 if the associate is acting on behalf of the organisation.
Closely Related Person(s)	The individual's relatives as defined by the Malaysia MACCA Section 3, or someone with whom the individual has a personal or professional relationship, or anyone living in the same household as the person. A broader term than 'relative' or 'immediate family'.
Conflict of Interest or Conflicts of Interest	When an individual's interests either influence, have the potential to influence or may be perceived to have an influence on their decision making at TNBES. Interests could be financial, non-financial, direct or indirect interests. This includes Conflict(s) of Interest.
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 <i>Personal Gift</i> below.

Corruption	Corruption is defined as including any action which would be considered as an offence of giving or receiving 'gratification' (and promising to give or agreeing to receive) under the Malaysian Anti-Corruption Commission Act 2009 (MACCA). In practice, this includes offering, giving, receiving or soliciting something of value in an attempt to influence the decisions or actions of a person a position of trust within an organisation. 'Gratification' is defined in the MACCA to include the following: (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). Bribery may be 'outbound', where someone acting on behalf of TNBES attempts to influence the actions of someone external, such as a Government official or client decision-maker. It may also be 'inbound', where an external party is attempting to influence someone within the TNBES such as a senior decision-maker or someone with access to confidential information.
IC	Integrity Committee
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 & Integrity	Legal & Integrity Department 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: 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 item2; 7. The uncle, aunt or cousin of the person; or 8. The son-in-law or daughter-in-law of the person.
Subsidiary/Subsidiaries	An entity where TNBES owns more than half of the voting power of the organisation or has the power to appoint and remove the Board of Directors of the organisation. Consequently, also including control over the power on decision-making of the organisation including the right to appoint and remove the management.
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 Subsidiaries 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 & Integrity is the owner of this policy.

7. Responsibilities

- 7.1 It is the responsibility of all BOD, TNBES Personnel and its Subsidiaries to adhere to the principles and rules set out in this policy. The TNBES Conflicts of Interest Policy shall be applicable to all BOD, Management and TNBES Personnel and its Subsidiaries.
- 7.2 It is the responsibility of all BOD, Management, TNBES Personnel and its Subsidiaries to make regular scheduled commitments to declare Conflicts of Interest, using the relevant Conflict of Interest Disclosure Form.
- 7.3 The Company Secretary ("Cosec") of TNBES is responsible for managing the Conflict of Interest (COI) declaration of the BOD.
- 7.4 Where a Subsidiary has its own BOD, the Cosec of that Subsidiary shall be responsible for BOD statutory declaration at Subsidiary BOD, Cosec of that Subsidiary shall forward the COI report to Cosec for reporting to IC, on bi-annual basis and as and when required.
- 7.5 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.
- 7.6 The Integrity Officer is responsible for providing the policies and guidance on Conflicts of Interest. The IC shall oversee and manages the policies and guidance on Conflicts of Interest. The IC shall obtain the approval of the BOD of such policies and guidance on Conflicts of Interest.
- 7.7 The Cosec is responsible to report to the BOD any Conflicts of Interest situation arise on bi-annual basis and as and when required.
- 7.8 The BOD is responsible to review any Conflict of Interest situation that arises, persists or may arise together with the measures to resolve, eliminate or mitigate such Conflict of Interest.
- 7.9 People & Culture 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. People & Culture Department should also inform the new TNBES Personnel that any actual, potential or perceived conflicts should be declared. The Integrity Officer will work with People & Culture Department to ensure the relevant materials are provided to the new personnel.
- 7.7 As the policy owner, the Integrity Officer has responsibility for overseeing the implementation, communication, monitoring and updating of this policy and shall report to IC.

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 there is no actual or potential conflict). All three types of conflict are a potential risks 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 personal or professional factor which may 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 primary responsibility of its personnel at all levels.
- a) All BOD, Management 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) All BOD, Management and TNBES Personnel should read information provided by TNBES regarding Conflicts of Interest, including this policy, so that they are familiar with the concept and will be able to identify a conflict as soon as it emerges. BOD, Management 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 or its Subsidiaries, and these should be avoided. 'Avoiding' a Conflict of Interest means BOD, Management and TNBES Personnel take decisions or actions to ensure a Conflict of Interest does not occur, be it actual, potential or perceived. Where a Conflict of Interest arises, the BOD, Management and TNBES Personnel will have to ensure that the Conflict of Interest does not or will not influence the decision making of the organisation. In an appropriate case, depending on the degree of seriousness of the situation, the actions to be taken may be from a simple disclosure to stepping down from one's position in TNBES or its Subsidiaries.
 - d) In cases where a member of the BOD, Management or TNBES Personnel is in a chain of command with a relative, this situation may be considered a Conflict of Interest. In such cases, the conflict must be disclosed, and appropriate actions must be taken in accordance with relevant People & Culture circular on managing conflicts of interest involving familial relationships within the TNBES.

- e) In cases where a member of the BOD, Management and TNB Personnel has a relative working at TNBES or its Subsidiaries, this situation shall not be considered a Conflict of Interest, provided that decisions regarding compensation, benefits and rewards which are non-specific and are uniformly applicable to all TNBES Personnel.
 - f) TNBES Personnel should consult their Manager if they are uncertain about what circumstances could cause a Conflict of Interest. In the case of BOD and Management, it is recommended for them to consult the Cossec or Integrity Officer.
- 8.4 Declarations of Conflict of Interest shall be made both on an annual basis and specifically when a Conflict of Interest arises.
- a) Annual declarations should be made by all TNBES and its Subsidiaries, BOD, Management and Personnel. For the BOD, the statutory declarations managed by the Cossec should be used. For Management and TNBES Personnel, their annual declarations are done through their annual Conflict of Interest Disclosure Form submission.
 - b) In addition, BOD, Management and TNBES Personnel should make a specific declaration using the Conflict of Interest Disclosure Form on an ad hoc basis if and when a Conflict of Interest arises.
- 8.5 BOD, Management 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 BOD, Management and TNBES personnel to disclose it to their Manager or the relevant person to whom disclosure is made at the earliest opportunity ("Discloser"). Many Conflicts of Interest situations can be addressed in a simple and mutually acceptable manner through a discussion. To keep an accurate record, the Discloser should then complete the relevant Conflict of Interest Disclosure form, even if no further action is required. This is to protect the interests of both the individual concerned and TNBES or its Subsidiaries 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 or the relevant person to whom disclosure is made, 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 and Management should disclose any Conflict of Interest to the relevant person for further action. In the event of doubt, the relevant person to whom disclosure is made, if necessary, may consult the IC.
 - e) Members of procurement committees should disclose any Conflict of Interest to the Chairman of the committee for further action.

- f) Newly hired personnel should disclose any Conflicts of Interest with TNBES during the hiring process so they can be discussed with the hiring Manager. 'Newly hired personnel' are (1) first time employees with a TNBES company, or (2) TNBES Personnel who have internally transferred between Subsidiaries with a break in service of any length. Any actual, potential or perceived conflict the new hire is aware of should be declared within 14 calendar days of receiving their onboarding 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 managed and 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 any 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, including the Integrity Officer, Legal & Integrity and People & Culture.
- 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 operations of the department are 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 relevant Conflict of Interest Disclosure Form.

- c) For BOD, Management, the company Chairman will manage the disclosure to achieve the appropriate outcome, with assistance of the Cosec. The Cosec will report to the BOD accordingly.

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 or detrimental action as defined in the Whistleblower Protection Act 2010.

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. Non-compliance may lead to disciplinary action, including termination of employment. Legal action may also be taken in the event that TNBES and/or Subsidiaries' interests are or will be harmed as a result of non-compliance of this policy.

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 and make recommendations to the BOD accordingly.