



KJTS GROUP BERHAD

(202201020004) (1465701-T)

(Incorporated in Malaysia)

CONFLICT OF INTEREST POLICY AND PROCEDURES

1. INTRODUCTION

- 1.1 KJTS Group Berhad (Registration No. 202201020004 (1465701-T)), its direct and indirect subsidiaries, associated, affiliated and related companies (both local and international), whether present or future (collectively, the “**Group**” and each, a “**Group Company**”) is committed in doing business legally, ethically and in a transparent manner. All directors and employees are required to adhere to this Conflict of Interest Policy and Procedures (“**Policy**”) in their professional, as well as personal conduct, treat everyone with respect, honesty and fairness.

2. OBJECTIVES

- 2.1 To create and sustain a strong framework comprising clearly defined processes that are rigorously followed throughout the Group. This Policy strives to efficiently recognize, handle, and oversee various conflicts of interest or potential conflicts of interest, whether they are actual, potential, or perceived.

3. SCOPE OF APPLICATION

- 3.1 This Policy applies to all individuals within the Group, including members of the board of directors (“**Board**” or “**Directors**”), key senior management personnel (“**Key Senior Management**”) and all categories of employees, regardless of positions held. This encompasses full-time or permanent employees, part-time employees, those on probation, trainees and interns, employees on secondment, and those on fixed-term contracts (collectively referred to as the “**Employees**” and each, an a “**Employee**”).



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4. CONFLICT OF INTEREST

4.1 Generally, “conflict of interest” (“COI”) arises in situations where:

- (a) 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 Group; or
- (b) the said person has interests that may make it difficult to perform his or her role or duties objectively and effectively.

Such interests may include any form of benefit to the said person or his or her relatives arising from the relevant decision made. For the purposes of this clause, “relatives” shall include individuals related by blood or marriage.

Companies Act 2016

4.2 The legal duty to avoid COI for directors and officers of a company is provided under Section 218 of the Companies Act 2016 (“CA 2016”), whereby a director or officer must not do the following to gain a benefit for himself or any other person, or cause detriment to the company, without the consent or ratification of a general meeting:

- (a) using the property of the company;
- (b) using any information acquired by virtue of his position as a director or officer of the company;
- (c) using his position as such director or officer;
- (d) using any opportunity of the company which he became aware of, in the performance of his functions as the director or officer; or
- (e) engaging in business which is in competition with the company.



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- 4.3 In addition, Sections 221 and 222 of the CA 2016 also specify requirements for a director interested in a proposed or existing contract with the company. In such instances, the director must:
- (a) declare the nature of his interest at a Board meeting;
 - (b) not participate in any discussion while the contract or proposed contract is being considered during the board meeting; and not vote on the contract or proposed contract.
- 4.4 Furthermore, pursuant to Section 221(6) of the CA 2016, a director who holds any office or owns any property, which may give rise to a conflict with his duties or interest as director must declare the fact and nature, character and extent of the conflict at a Board meeting.

Potential COI

- 4.5 A potential COI refers to a situation that has not yet materialised but may arise in the future due to, among others, existing relationships or personal interests of the individual concerned. The following are non-exhaustive examples of potential COIs:
- (a) The said person having similar business with the Group in a geographical location which the Group is not currently operating in, but which the Group may expand its venture in subsequently; and
 - (b) The said person purchasing substantial building materials for construction of his or her own property at a massive discount from a contractor which has been shortlisted as one of the contractors for the Group's project. There could be potential COI as the said person may favour awarding the Group's project to the contractor that gave him the discount.



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COI Examples

- 4.6 In addition to the above, the following are some examples of COI involving a said person which would warrant disclosure i.e. where the said person-
- (a) uses property or resources of the Group for his or her personal purpose or business;
 - (b) channels benefits or resources meant for the Group to a company which he or she has an interest in;
 - (c) discloses trade secrets of the Group to a competitor where he or she has an interest in;
 - (d) prioritises his or her private venture by depriving the Group from an identified business opportunity;
 - (e) leverages on the Group's business or developmental plan by acquiring adjacent lands using the said person's private company;
 - (f) is involved in a business which offers similar products or services that are likely to replace or substitute the products or services offered by the Group;
 - (g) holds offices or directorships in competitors of the Group; or
 - (h) provides financial assistance to, or receives financial assistance from, the Group on terms and conditions which are more favourable to the said person than normal commercial terms.
- 4.7 Employees shall have an obligation to carry out their duties and responsibilities within the Group in a manner that avoid any actual or potential COI.



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5. COI DISCLOSURE OBLIGATIONS

Employees

- 5.1 In the event that an Employee encounters an actual or potential COI in connection with any transactions involving the Group, including but not limited to purchases, contracts, or leases, such Employee shall disclose such COI, as soon as practicable after becoming aware of the relevant facts, to their respective immediate supervisor or Department Head.
- 5.2 Where there is any uncertainty as to whether a COI exists, Employees should also disclose the potential COI their immediate supervisor or Department Head.
- 5.3 Upon a COI being disclosed by such Employee to the relevant supervisor or Department Head, the relevant supervisor or Department Head shall, subject to authority delegated by the Group or approval granted by the Board (if applicable), assess the circumstances and undertake any of the following courses of action to mitigate, manage or eliminate the COI, depends on the nature and severity of the COI:
- (a) restricting participation of such Employee in any applicable board, management, committee or general meetings where the COI matters is discussed or decided;
 - (b) requiring such Employee to abstain or recuse himself or herself from deliberation and voting on matters relating to the said COIs;
 - (c) reassigning responsibility for the relevant transaction, project or decision to another Employee without a COI;
 - (d) conducting a formal assessment on COI of such Employee, during the performance appraisal on an annual basis and for new appointments, before the appointment;
 - (e) requiring such Employee to execute a non-disclosure or confidentiality agreement to protect any type of confidential and proprietary information or trade secrets to which such Employee has access;



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- (f) restricting such Employee from involving or participating in businesses which compete with the Group; and/ or
- (g) in extreme circumstances where the COI is likely to affect the performance of such Employee, requiring such Employee to either divest the interest causing the conflict or resign from the Group.

Directors or Key Senior Management

- 5.4 When a COI arises within the Directors or Key Senior Management, the conflicted Director or Key Senior Management must promptly report to the company secretary of the relevant Group Company ("**Company Secretary**"), who will then ensure that the issue is properly included in the Board agenda for review and deliberation by the Board comprised of non-conflicted Directors and the Chairman of Audited Risk Management Committee ("**ARMC**") ("**Chairman**").
- 5.5 Upon disclosure of a COI matter in accordance with this Policy, the Conflicted Director or Key Senior Management may be subject to the following measures:
 - (a) shall declare and clearly articulate the nature and extent of their interest during the Board meeting;
 - (b) shall continue to receive Board papers or other relevant information regarding the COI matter, unless otherwise decided by the Chairman or the Board;
 - (c) shall recuse themselves from attending or participating in any segment of the discussion and/or meeting relating to the COI matter; and/ or
 - (d) shall not vote or be involved in any decision-making process in respect of the COI matter.
- 5.6 If a potential COI is identified by the Board, management or any other relevant party and the disclosure of such COI to the Director concerned may be detrimental to the Group's interests, the matter shall be referred to the Chairman. The Chairman, together with the Senior Independent Director and/or the Company Secretary, shall assess the situation to determine whether a COI



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exists for the said Director. If it is confirmed that a COI exists, the conflicted Director shall be subject to the following measures:

- (a) shall not be provided with any Board papers or information related to the COI matter;
- (b) shall be excused from participating in any segment of the discussion and/ or meeting relating to the COI matter; and/ or
- (c) shall not vote or be involved in any decision-making process in respect of the COI matter.

5.7 In addition to the measures set out in paragraphs 5.5 and 5.6 above, the conflicted Director or Key Senior Management may also be subject to any of the measures provided under paragraph 5.3, as determined by the Board and/or the Chairman, depending on the nature and severity of the conflict of interest.

6. GENERAL RESPONSIBILITIES OF DIRECTORS AND KEY SENIOR MANAGEMENT

6.1 Every Director and Key Senior Management within the Group is tasked with the responsibility of recognizing and handling COI. Their overarching duties include:

- (a) **Disclosure:** Directors and Key Senior Management are responsible for promptly and transparently disclosing any actual, potential, or perceived COIs to the appropriate parties within the organization;
- (b) **Compliance:** Ensuring compliance of this Policy with the relevant legal and regulatory requirements;
- (c) **Self-Declaration:** Actively participating in the self-declaration process, where Directors and Key Senior Management identify and declare any situations that might give rise to a COI;
- (d) **Board Meeting Participation:** If a COI matter is under discussion at a Board meeting, the Directors and Key Senior Management with a potential COI, are responsible for declaring



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the nature of their interest, abstaining from voting on the matter, and, if necessary, excusing themselves from related discussions;

- (e) **Thorough Assessment:** Cooperating in a thorough assessment conducted by the Chairman, senior independent director, or designated parties to determine the existence and nature of any COI;
- (f) **Confidentiality:** Maintaining confidentiality regarding COI matters, especially during investigations and discussions, to the extent required by the Group's internal policies;
- (g) **Avoidance of Improper Influence:** Directors and Key Senior Management should avoid using their positions to improperly influence decision-making processes in situations where they have a COI;
- (h) **Board Papers and Information:** In cases where a COI is identified, refraining from accessing board papers or information related to the COI matter unless otherwise decided by the Board or its designated authorities;
- (i) **Cooperation with Investigations:** Cooperating fully with any investigations or assessments conducted to address COI matters; and
- (j) **Transparent Communication:** Communicating openly and transparently with the Company Secretary, Board, and relevant stakeholders about any COI and steps taken to address them.

7. MAINTENANCE OF RECORDS

- 7.1 Key Senior Management will securely maintain the Annual Declaration of Conflict of Interest submitted by Directors and Key Senior Management. The Company Secretary shall document each COI disclosure made during a meeting is appropriately recorded in the meeting minutes. If a disclosure is made outside of a meeting, it shall be documented in the minutes of the next scheduled meeting.



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- 7.2 The Corporate Governance Department shall be responsible for maintaining a register of all disclosed COI, and any major conflicts shall be escalated and reported to the Board, for their attention and necessary action. The register, together with all relevant supporting documentation, shall be properly maintained and preserved to facilitate review or examination by regulators, auditors or other authorised parties.

8. COMPLIANCE

- 8.1 All disclosures of any actual or potential COI shall be made in accordance with this Policy, as well as the CA 2016, any applicable listing requirements issued by Bursa Malaysia from time to time, and any other applicable laws, regulations and/ or internal policies of the Group. In the event that the COI relates to a related party transaction, the conflicted Employees, Directors and Key Senior Management must also comply with the Group's Related Party Transactions Policy.
- 8.2 When appointing or nominating any Directors, Key Senior Management (KSM) or legal representative of the Group, any potential or actual COI must be disclosed. The disclosure must include any COI or potential COI, including the nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business, the individual may have in businesses that compete with the Group. Such disclosures should accordingly be made in: (a) public announcement; (b) the Annual General Meeting notice for directors' elections; and (c) the Group's annual report which must provide up- to-date information on the profiles of directors, chief executive and key senior management.
- 8.3 Any violation or non-compliance with the provisions of this Policy, including the failure to disclose or properly manage a COI may result in disciplinary action in accordance with the Group's internal disciplinary procedures. Such action may include, but is not limited to, removal from office or termination of employment, subject to applicable laws. In addition, non-compliance may give rise to civil and/or criminal liability under relevant laws and regulations.

9. AUDIT RISK MANAGEMENT COMMITTEE

- 9.1 The ARMC of the Group must review and evaluate existing, ongoing, or potential COI situations within the Group and accordingly recommend measures to address, eliminate, or mitigate these



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COI situations, as well as reports its findings in the ARMC report to be submitted to the Board. For this purpose, the ARMC's review and disclosure in the ARMC report must cover any COI that arose or might arise during the financial year as well as persisting COI from previous financial years.

- 9.2 In addition, the ARMC should refer to the Corporate Governance Guide¹ issued by Bursa Malaysia Berhad (which may be updated from time to time) ("**CG Guide**"), in carrying out its role in reviewing situations of COI such as ensuring that management establishes a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring COI. The CG Guide also provides key factors, considerations as well as information that should be taken into account by the ARMC.
- 9.3 The ARMC should periodically review and assess the adequacy and effectiveness of this Policy, recommend amendments where necessary to ensure continued alignment with the applicable laws. All proposed revisions to this Policy shall be submitted to the Board for consideration and implementation.

¹ <https://my.bursamalaysia.com/learn/bursa-sustain/explorer/corporate-governance-guide-4th-edition>



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