



CONFLICT OF INTEREST POLICY

VSD GROUP SDN BHD



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(Incorporated in Malaysia)

1. Introduction

VSD Group Sdn Bhd (**“the Company”**) aim to maintain the highest ethical standards in carrying out the business activities. Accordingly, VSD Group expects all staff to conduct themselves with integrity, impartiality and professionalism at all times, and to avoid any conflict of interest or potential conflict of interest that may arise in the performance of their duties.

This Conflict of Interest Policy (**“Policy”**) shall be read together with Section 7 of the Code of Conduct of VSD Group on conflict of interest, Related Party Transactions Policy, Anti-Bribery and Corruption Policy and other related policies.

2. Purpose

The purpose of this Policy is to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively. It is intended to provide guidance on how to deal with situations involving conflict of interest (including potential conflict of interest) situations as when they arise.

3. Scope

This Policy is intended to apply to all Directors, key senior management and employees of VSD Group (including employees on contract terms, temporary staff and those on internship or secondment). This Policy applies whenever an individual recognises, or should reasonably recognise, that a conflict of interest may arise from their current or future activities.

The scope of this Policy is relatively wide in its coverage of activities that might give rise to conflicts of interest. As it is not possible for the policy to be all-inclusive, Directors, key senior management and employees must exercise reasonable judgment and seek to comply with the Policy.

4. Definitions

“Beneficial interest” refers to the right to receive economic benefits from an asset without being the legal owner of the asset, e.g. entitlement of income from shares held through a nominee.

“Conflict of interest” is a situation in which a person has competing interests and the serving of one interest could improperly influence (directly or indirectly) the performance of duties and responsibilities, and which may be at the detriment and/or personal gain to another. A conflict of interest is generally divided into three (3) categories –



- a. **Actual** conflict of interest refers to direct or real conflict between a person's duties and responsibilities to VSD Group and a competing personal interest.
- b. **Potential** conflict of interest refers to a situation where a person's private interest could potentially develop to influence the exercise of one's power or performance of duties or responsibilities to VSD Group.
- c. **Perceived** conflict of interest refers to a situation where others may reasonably perceive, or give the perception, that a conflict of interest exists which could affect one's decision or responsibility.

"Family member" means the spouse, parent, brother, sister, child (including adopted or stepchild) and the spouses of such brother, sister or child of the person.

"Material" in relation to shareholding means equity ownership.

5. Identifying conflicts of interest

- 5.1. A conflict of interest would arise when a person's ability to perform his/her duties effectively or impartially is potentially impaired by personal interest, considerations or relationships.
- 5.2. Generally, conflicts of interest may be described under the following broad categories:-

(a) Equity ownership in entities having a business relationship with VSD Group

This is where a Director or key senior management or an employee holds shares or equity ownership in privately owned entities having a business relationship with VSD Group, either directly or indirectly (e.g. through a family member). This does not apply to shares held in publicly quoted companies which have a business relationship with VSD Group, unless such holding is considered to be material and the interest is likely to impair the objectivity of the Director or key senior management or employee concerned.

(b) Directorship, partnership or other forms of Beneficial Interest in entities having a business relationship with VSD Group

This applies to situations where a Director or key senior management or any employee holds a position or has an interest in entities having a business relationship with VSD Group, including financial interest in any of VSD Group's projects, contracts, sales, transactions or other business dealing or have family members, close relatives or associates with such interests. An example would be where an employee of VSD Group is a Director of a company supplying materials to VSD Group. Such situations would result in a conflict of interest.



(c) Personal relationships

A conflict of interest would exist if a family member of the Director, key senior management or employee has a reporting relationship with the Director, key senior management or employee.

A conflict of interest would also arise if a Director, key senior management or employee has a family member with an interest (e.g. in the form of ownership, directorships, partnerships, employment, etc.) in entities which have a contractual arrangement with VSD Group. An example would be where VSD employee's spouse is working in a company providing services or trading goods to VSD Group. This also applies to situations where a family member of VSD Group staff is working in a company bidding for a project to be awarded by VSD Group, although there is no contractual agreement yet.

(d) Contractual dealings

This refers to situations where VSD Group purchases or leases property, equipment, materials and etc. from Directors or employees, or enters into contractual arrangements with Directors or employees (other than employment contracts). Such situations give rise to a conflict of interest, and should be declared.

Further examples are listed in Appendix A.

6. General responsibilities

All Directors, key senior management and employees of VSD Group are responsible for identifying and managing conflicts of interest on an ongoing basis and are required to:

- (a) Comply with this Policy and other applicable policies and guidelines relating to the identification, documentation, escalation and management of conflicts of interest;
- (b) Act with objectivity, integrity and independence and exercise sound judgment and discretion;
- (c) Avoid, wherever possible, situations giving rise to conflicts of interest as described in this Policy; and
- (d) Immediately declare the conflict of interest in accordance with this Policy, abstaining from the decision-making process and not seek to influence such decisions any further.

7. Managing conflicts of interest

For employees

- 7.1 Any conflict of interest must be declared by filing up the Employees' Conflict of Interest Declaration Form as set out in Appendix B of this Policy. The conflict of



interest must be escalated to the Head of Division or his/her direct superior for further action.

- 7.2 The declaration shall be made as and when the conflict arises, and shall be made at the earliest opportunity i.e., as soon as the employee becomes aware of the conflict.
- 7.3 The completed Declaration Form shall be forwarded by the person with the conflict concerned to the Division Head and Confidential Secretariat.
- 7.4 In addition to the declaration, the person with the conflict and the respective Head of Division must take reasonable steps to manage the conflict and to mitigate the impact of the conflict on the negotiation/ discussion/ decision- making process. The participation of the person with conflict should be limited and restricted. Such limitation or restriction should include, but is not limited to the following:-
 - (a) abstaining from the project/matter, including any involvement, discussion and/or during the process of decision making;
 - (b) limiting access to information; and
 - (c) if necessary, re-arranging duties or responsibilities to a non-conflicting function.

For Directors and key senior management

- 7.5 In the case of a Director or key senior management, who having an interest, either directly or indirectly or whether actual or potential, in any transaction or arrangement with VSD Group, or, holding any office or possessing any property where duties or interests as Director may be created in conflict with his duties or interests as Director of VSD Group, shall as soon as practicable after the facts have come to the Director's knowledge, or, after becoming director or possessing the property (as the case may be), declare the nature, character and extent of the Director's interest and conflict to the Audit and Risk Management Committee ("**ARMC**") and the Board by way of written notice or electronic means such as email to all members of the Board and subsequently communicated to the Company Secretary for their record keeping.
- 7.6 Directors should declare any interests relevant to agenda items at the start of a meeting and/or during discussion (including where there is potential for a perceived conflict of interest). Where there is a conflict of interest, the said director will not participate in the consideration of the relevant item and shall withdraw from the discussion (recuse or abstain) thereon and shall not vote on the resolution in respect of the relevant item. If necessary, the Chair will determine whether there is a conflict of interest.
- 7.7 All Directors and key senior management are required to make a declaration of conflict of interest on a **quarterly** basis via the Directors/Key Senior Management Conflict of Interest Declaration Form as set out in Appendix C of this Policy.
- 7.8 Where there is any change in the nature and extent of the Director's interest



subsequent to the disclosure, the Director shall make a further disclosure of such changes.

- 7.9 The declaration form must be escalated to the ARMC and the Board of the Company and recorded by the Company Secretary.
- 7.10 In addition to declaring the conflict of interest, the ARMC shall review the declaration made by the Director or key senior management and propose the course of action to take to manage the conflict as well as to mitigate the impact of the conflict on the decision making process.
- 7.11 The Director and/or key senior management who is involved in the conflict of interest or potential conflict of interest after consultation and review by the ARMC, should abide by the ARMC's determination on the reasonable steps and measures to manage, resolve or eliminate the conflict of interest or potential conflict of interest. The participation of the conflicted Director/key senior management should be limited and restricted. Such limitation or restriction should include, but is not limited to the following:-
- (a) abstaining from any involvement whatsoever in the matter;
 - (b) refraining from discussions about the matter;
 - (c) continue to receive board papers and other information in relation to the conflict of interest matter, unless the Chairman or the Board determine otherwise; and
 - (d) abstaining from voting on the decision.
- 7.12 The Company Secretary shall minute the declaration and decision taken on the conflict of interest matter.
- 7.13 To further strengthen the conflict of interest disclosure, the Chairman of the Board/Chairman of the meeting is advisable at every meeting i.e., before the commencement of the agenda items to remind the Directors to make declaration/disclosure should there be any conflict of interest (including potential conflict of interest) based on matters tabled at the particular meeting.

8. Compliance with the Act and Listing Requirements

The interested Director shall comply with all conflicts of interest requirements under the Act, and, to the extent that the interest of the Director gives rise to a Related Party Transaction, VSD Group's Conflicts of Interest Policy and Related Party Transactions Procedures and Guidelines, requirements under the Listing Requirements or any other relevant regulatory requirements, where applicable.

9. Records maintenance

For conflicts of interest involving employees, the Confidential Secretariat shall maintain records of all conflict of interest declarations as well as other related documents. For



conflicts of interest involving Directors, the Company Secretary shall maintain records of the declarations and any other related documents.

10. Exception to the Policy

This Policy shall not apply to an arrangement or transaction by an entity within VSD Group (i) and any of its wholly-owned subsidiaries; (ii) and its holding company which holds all the issued shares of the entity within VSD Group; or (iii) which is a wholly-owned subsidiary of a holding company and another wholly-owned subsidiary company of that same holding company.

11. Breach of Policy

Failure to disclose a conflict of interest, provide complete and accurate information on the conflict is a breach of this Policy and could result in disciplinary action being taken by VSD Group.

12. Review

This Policy will be reviewed periodically by the Company, updated and approved by the Board as and when deemed necessary.



Appendix A: Examples of conflicts of interest and potential conflict of interest

COI examples

The following are some examples of conflicts of interest (which are not exhaustive) involving a said person would warrant disclosure i.e., where the said person –

- (a) uses property or resources of VSD Group for his or her personal purpose or business;
- (b) channels benefits or resources meant for VSD Group to a company which he or she has an interest in;
- (c) discloses trade secrets to a competitor where he or she has an interest in;
- (d) influences business decisions that may result in personal gain or benefit to the director, key senior management or employee, their family members or persons connected to them;
- (e) prioritises his or her private venture by depriving VSD Group from an identified business opportunity;
- (f) leverages on the business or developmental plan by acquiring adjacent lands using the said person's private company;
- (g) is involved in a business which offers similar products or services that are likely to replace or substitute the products or services offered by VSD Group;
- (h) holds offices or directorships in competitors of VSD Group; or
- (i) provides financial assistance to, or receives financial assistance from, VSD Group on terms and conditions which are more favourable to the said person than normal commercial terms.

Potential COI examples

A potential conflict of interest is a conflict of interest that has yet to materialise or happen, but may arise subsequently due to, among others, prevailing relationships or interests of the said person. Examples (which are not exhaustive) include the following:

- (a) the said person having similar business with that of the group in a geographical location which VSD Group is not currently operating in, but which VSD Group may expand its venture in subsequently; or
- (b) the said person purchasing substantial building materials for the 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 project. There could be potential conflict of interest as the said person may favour awarding VSD Group's project to the contractor that gave him the discount.