



HARN LEN CORPORATION BHD
200001000001 (502606-H)
Conflict of Interest Policies and Procedures

HARN LEN CORPORATION BHD

200001000001 (502606-H) (Incorporated in Malaysia)

	CONFLICT OF INTEREST		Prepared By:	Head of Compliance
			Approved By:	Board of Directors
	Subject:	Identification, Evaluation and Management	Revision Date:	
			Effective Date:	1 January 2022

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Abbreviation List

Description	Abbreviation
Board of Directors	Board
Business Unit (include department, division, regional office, head office, entity)	BU
Conflicts of Interest	Conflict
Directors and Employees	All Parties
Directors of Harn Len Group	Directors
Employees of Harn Len Group	Employees
Harn Len Corporation Bhd	Harn Len
Harn Len Corporation Bhd and its subsidiaries	“Harn Len Group” or “the Group”
Policies and Procedures	P&P

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1.0 OBJECTIVES

The objective of this P&P is to provide the policies and general framework/guidelines for identification, evaluation and managing of actual, perceived or potential Conflict for the Harn Len Group.

2.0 SCOPE

This P&P is applicable to actual, perceived, or potential Conflict between

- a) Employees and the Group;
- b) Directors and the Group;
- c) the listed corporation and its subsidiaries.

The scope of this P&P is relatively wide in its coverage of activities that may give rise to Conflict. As it is not possible for the P&P to be all-inclusive, All Parties must exercise reasonable judgement and seek to comply with this P&P.

3.0 POLICIES

3.1 The following are some of the main definitions:

“**Conflict**” is a situation in which a person has competing interests and the serving of one interest may be detrimental to the other.

Examples of Conflict include:

- a personal situation which affects the ability of an Employee to carry out their duties and responsibilities towards the Group;
- a situation where a Director’s personal interest may affect their fiduciary duties towards the company they serve as director;
- a Director having access to information which could benefit them personally but to the detriment of the Group;
- a situation where a company within the Group may be benefited at the detriment of the interest of another company of the Group.

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3.0 POLICIES (Cont'd)

An actual Conflict exists at the present time and a potential Conflict is one that could be reasonably expected in the future. A perceived Conflict may pose no actual or potential conflict but is a situation where someone (such as the public) may reasonably suspect there is one. A perceived Conflict may occur even when there are robust internal controls in place – e.g., a third party may not have knowledge of controls in place to prevent Conflict even if these controls totally eliminate the possibility of conflicts.

“**Person Connected**”, in relation to any person (including a body of persons, corporate or unincorporated (including a trust), and referred to as “said Person” in this Subparagraph of 3.1), means such person who falls under any one of the following:

- a) the said Person’s family member including (i) spouse (ii) parent (iii) child including adopted child and step-child (iv) brother or sister and (v) spouse of child, brother or sister;
- b) a trustee of a trust (other than an employee share scheme or pension scheme) under which the said Person or the said Person’s family member¹ is the sole beneficiary;
- c) a partner of the said Person
- d) a person or a body corporate (or its directors) who is accustomed or under obligation to act in accordance with the directions, instructions or wishes of the said Person, or vice versa;
- e) a body corporate in which the said Person or Persons Connected with the said Person is entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- f) a body corporate which is a related corporation of the said Person, i.e., holding company, subsidiaries, or sister companies.

3.2 A Conflict would arise where a person’s ability to perform his/her duties effectively or impartially is potentially impaired by personal interest, considerations or relationships.

¹ ‘Family member’ shall have the same meaning as provided in the preceding subparagraph (a).

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3.0 POLICIES (Cont'd)

3.3 Generally, Conflict situations may be described under the following broad categories (but are not limited to the following): -

a) **Equity ownership in entities having a business relationship with Harn Len Group**

This refers to situations where a Director or an Employee has direct or indirect ownership-related interest in an entity having a business relationship² (including competitive relationships) with Harn Len Group.

The entity could be a private entity or a publicly listed entity. The ownership interest may also be director or indirect, e.g., the entity is owned by a close friend or family member of the Director or Employee. Conflict arises when Harn Len Group's activities have an impact on the financial or other interest (e.g., personal relationship) of the Director or Employee.

² 'Business relationship' includes, amongst others, situations where there are existing business dealings or transactions, business competition, participation in tender process, and in discussion towards forming any business relationship. This includes business partners and competitors.

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3.0 POLICIES (Cont'd)

Examples:

- An Employee is involved in Harn Len Group's tender assessment where one of the tender participant company is managed by the Employee's family member.
- Harn Len Group is engaging the service of a public listed company where one of Harn Len's Directors has substantial interest.
- An Employee is a close family member of the director of the Group's competitor.

Policy:

All material Conflict involving equity interest in an existing or potential business partner or competitor of Harn Len Group, whether direct or indirect, shall be declared. Material Conflict are those which may potentially or perceived to affect a Director or an Employee's ability to act in the best interest of Harn Len Group.

A material Conflict includes situations where a Director or Employee:

- is a shareholder who has an interest in 5% or more of the voting shares of a corporation which does business with Harn Len Group; and
- is a Person Connected to a shareholder who has an interest in 5% or more of the voting shares of a corporation which does business with Harn Len Group.

Guidance:

Amongst others, the following Conflict are expected to be declared:

- An Employee owning 5% of voting share or more in the Group's business partner or competitor.
- A Person Connected to an Employee owning 5% of voting share or more in the Group's business partner or competitor.

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3.0 POLICIES (Cont'd)

- b) **Directorship, partnership, or other forms of legal duties or obligations owed to an entity having a business relationship (including competitive relationship) with Harn Len Group.**

This applies to situations where a Director or an Employee, or a Person Connected to them, holds a position in an entity which requires them to carry out legal duties or obligations with respect to the entity. When the entity has actual or potential business relationship with Harn Len, the said Director or Employee's ability to act in the best interest of Harn Len Group may be impacted due to a conflict of duty, resulting in a Conflict situation.

Examples:

- Harn Len Group is considering selling a property to a company whose director is also a Harn Len Director.
- An Employee of Harn Len Group is also a director of a company supplying materials to the Group.

Policy:

A Director or Employee shall declare any directorship, partnership, management position, or any position which imposes a legal duty or obligation, by the Director, Employee, or Persons Connected to them, towards an existing or potential business partner or competitor of Harn Len Group.

Guidance:

Amongst others, the following Conflict are expected to be declared:

- An Employee holding a directorship or partnership in the Group's business partner.
- A Person Connected to an Employee holding a directorship or partnership in the Group's business partner or competitor.
- Note: Section 218 of the Companies Act 2016 provides that "*a director or officer of a company shall not, without the consent or ratification of a general meeting [...] (e) engage in business which is in competition with the company [...] to gain directly or indirectly, a benefit for himself or any other person, or cause detriment to the company*"

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3.0 POLICIES (Cont'd)

c) Other employment

If a Director or an Employee has accepted employment with a business partner or competitor, this may also result in a Conflict, including during the period within which the Director or Employee is still employed with Harn Len Group (e.g., when serving notice period), especially if the Director or Employee is dealing with sensitive or confidential information.

Policy:

Acceptance of offer for employment or directorship with a business partner and especially a competitor of Harn Len Group shall immediately be declared by a Director or Employee.

d) Close personal and family relationships

Segregation of duties is part of the Group's key internal control features. Where close personal or family relationship exists between personnel holding positions which are designed to segregate duties, the effectiveness of internal controls may be affected. Such situations are considered Conflict situations as well.

Policy:

All Director, Employee, or candidates for directorships or employment in Harn Len Group shall declare if a Person Connected to them is a Director or Employee of the Group. Close personal relationships which do not fall into the category of Persons Connected shall be declared if they potentially create a Conflict situation.

e) Contractual dealings with Directors/Employees

This refers to situations where Harn Len Group purchases or leases property, equipment, materials, etc. from Directors or Employees, or enters into contractual arrangements with Directors or Employees (other than employment contracts).

Policy:

All contractual arrangements with Directors or Employees (apart from employment contracts and directorship agreements) shall be declared.

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3.0 POLICIES (Cont'd)

f) **Involvement in activities where the Director or Employee concerned is the subject matter**

A Conflict arises if a Director or an Employee participates in activities where he/she is the subject of the discussion or where the decision involves him/her.

Examples:

- An allegation is made against a Director or Employee through the whistleblowing channel. A Conflict occurs when the said Director or Employee is also part of the investigating team tasked with investigating the allegation.
- A Conflict may occur when a Director is present or is participating in the Board discussion pertaining to the said Director's remuneration.

Policy:

- **No Director or Employee shall be involved in the decision of their own remuneration or assessment (apart from self-assessment which shall only be used as reference only).**
- **Where it relates to activities pertaining to audit or investigation, the Director or Employee who is a subject of the audit or investigation shall not be involved in the deliberation or decision-making of such audit or investigation.**

g) **Conflict between Harn Len and its subsidiaries**

In certain circumstances, Conflict may occur between a parent company and its subsidiary. An example of this is when the best interest of a subsidiary may not be in the best interest of the parent company, such as in the case where both the parent and subsidiary companies are having businesses in the same industry.

h) **Other business arrangements or undertakings**

Providing services for, or receiving payment from, any supplier or contractor of the Group on a personal basis may also create a Conflict situation.

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3.0 POLICIES (Cont'd)

3.4 All Directors and Employees of Harn Len Group are responsible for identifying and managing Conflict on an ongoing basis and are required to:

- a) Comply with this P&P and other applicable policies and guidelines relating to the identification, evaluation and management of Conflict;
- b) Act with objectivity, integrity and independence, and exercise sound judgement and discretion;
- c) Avoid, wherever possible, situations giving rise to Conflict as described in this P&P; and
- d) Immediately declare Conflict situations in accordance with this P&P upon being aware of any actual, perceived, or potential Conflict, abstain themselves from the decision-making process, and not seek to influence such decisions any further.

Determining whether a Conflict exists is not always easy to do. All parties with a Conflict question should seek advice from Head of Compliance especially before engaging in any activity, transaction or relationship that may give rise to a Conflict. In case of any doubt, consult the Head of Compliance.

3.5 The Group shall obtain regular declaration of Conflict from Directors and Employees, as follows:

- a) Directors – at least once a year; and
- b) Employees – at least once every 3 years.

4.0 PROCEDURES

4.1 Identification of Conflict

4.1.1 Directors and Employees shall at all times be aware of any actual, perceived, or potential Conflict in the course of conducting any business in relation to the affairs of Harn Len Group.

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4.0 PROCEDURES (Cont'd)

Conflict may be identified in a number of ways, including:

- a) from declarations of interest made by Directors or Employees (refer to Appendix I of this P&P);
- b) from the register of interests maintained under this P&P;
- c) through an analysis of transactions
- d) via the Group's due diligence processes.

4.1.2 Any actual, perceived, or potential Conflict identified must be disclosed as soon as practicable in the following manner:

- in the case of a Conflict involving Employees who are not Directors or Senior Management, the Conflict shall be highlighted to the relevant Head of BU and the Head of Compliance;
- in the case of a Conflict involving Directors or Senior Management personnel, the Conflict shall be highlighted to the Managing Director and the Company Secretary. Consultation may be sought from the Head of Compliance; and
- in the case of a Conflict between Harn Len and its subsidiary or associate company, the Conflict shall be deliberated at the Audit Committee and the Board level.

Any Conflict situations, including any transaction, procedure, or course of conduct that raises questions of management integrity shall be highlighted to, and reviewed by, the Audit Committee.

Conflict disclosed shall be recorded, considered, and managed in accordance with this P&P.

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4.0 PROCEDURES (Cont'd)

4.2 Assessing and evaluating of Conflict

4.2.1 Generally, the relevant Head of BU or the Managing Director is responsible for assessing the seriousness of Conflict disclosed (after receiving advice from the Head of Compliance or independent advisors, if necessary) having regard to the following factors:

- a) the nature of the interests and duties of the parties in Conflict;
- b) the impact on the interests of the relevant company within Harn Len Group; and
- c) the fiduciary duties and obligations of Directors.

4.2.2 For Conflict highlighted for the attention of the Audit Committee, the Audit Committee shall review and consider the basis of assessment made.

4.3 Managing of Conflict

4.3.1 Once the Conflict situation has been evaluated, the relevant Head of BU may determine a suitable resolution (after receiving advice from the Head of Compliance or independent advisor, if necessary). The Managing Director shall be notified of such resolution.

4.3.2 Notwithstanding Paragraph 4.3.1, the following Conflict situations shall be deliberated at the Board, with recommendation by the Audit Committee:

- a) where actual, perceived, or potential Conflict between Harn Len and its subsidiaries or associate companies;
- b) Significant actual, perceived, or potential Conflict involving Directors or Senior Management personnel; and
- c) any significant Conflict the Managing Director escalates to the Audit Committee and the Board.

4.3.3 As a principal basis for managing Conflict, all Directors shall ensure they act in good faith, in the best interest of the company they hold directorship (Section 213(1) of Companies Act 2016). For the same reason, a Director of a subsidiary shall also act in the best interest of the subsidiary.

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4.0 PROCEDURES (Cont'd)

4.3.4 Approaches to managing Conflict may include:

a) Avoid the Conflict

If the Conflict situation cannot be adequately or appropriately managed and poses an unacceptable risk to Harn Len Group, the Conflict may need to be eliminated.

Amongst others, this may include not carrying out the conflicted business activity or eliminating conflict through relinquishing the interest causing the Conflict.

b) Accept and reduce the Conflict

A Conflict may be reduced by introducing additional safeguards or controls to ensure the interest of Harn Len or its subsidiaries are protected.

Amongst others, this may include placing restrictions on the involvement of the conflicted person in the conflicted business activity and delegating the relevant accountability and responsibility to an independent party.

c) Retain the Conflict

A Conflict may be retained while the conflicted Directors or Employee continues to be involved in the matter concerned, subject to a regular review of the situation. This response is only suitable for low-risk Conflict.

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4.0 PROCEDURES (Cont'd)

4.4 Monitoring of Conflict

All disclosed Conflict situations must be reviewed and approved at least on an annual basis to ensure that the information remains relevant, updated, and accurate, and that the management strategy continues to be appropriate and effective.

The Head of Compliance and the Company Secretary shall monitor the regular review of Conflict situations. The relevant Head of BU or the Board, as appropriate shall be responsible for the review process and outcome.

4.5 Maintain of records

For Conflict involving Employees who are not Directors or Senior Management, the Head of Compliance shall maintain records of all conflict of interest declarations as well as other related documents. For Conflict involving Directors or Senior Management, the Company Secretary shall maintain records of the declarations and any other related documents.

4.6 Breach of policy

Failure to disclose a Conflict is a breach of this P&P and may lead to disciplinary action.

4.7 Other relevant documents

This P&P must be read in conjunction with Harn Len Group's Related Party Transactions P&P, Anti-Bribery and Corruption Policy and other related P&P.

4.8 Updates and review

This P&P may be updated from time to time and any amendments and update will be made available within reasonable timeframe.

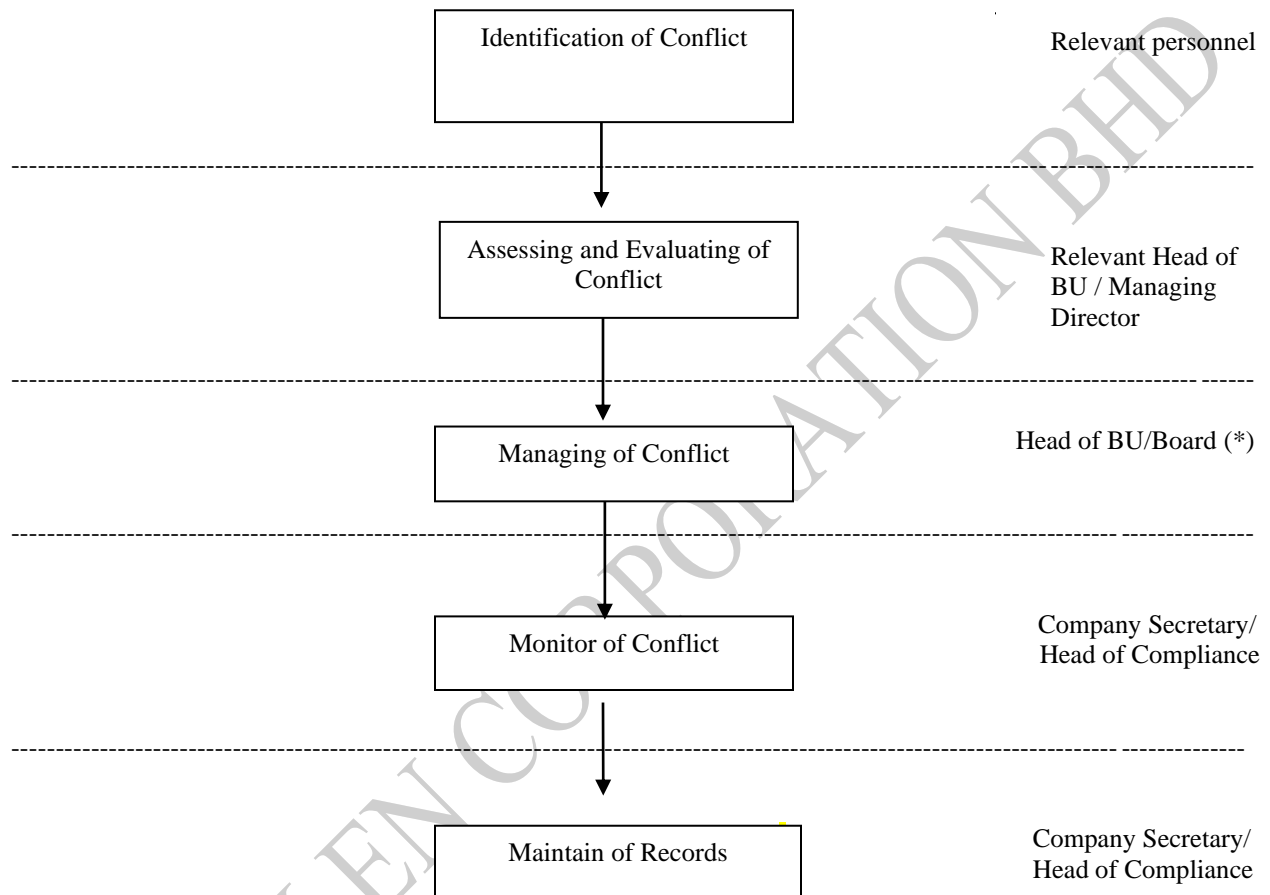
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5.0 FLOWCHARTS

Responsibilities:



* Head of BU shall be responsible for managing Conflict involving Employees who are not Directors or Senior Management. In the case of a Conflict involving Directors or Senior Management personnel; or a Conflict between Harn Len and its subsidiary or associate company; or any significant Conflict, the Managing Director shall escalate to the Audit Committee and the Board.

APPENDIX I

HARN LEN CORPORATION BHD



CONFLICT OF INTEREST DECLARATION FORM
(For Internal Use Only)

- a) No, I have no actual, perceived or potential Conflict.
 Yes, I believe I have actual, perceived or potential Conflict.

Please state details:

	<u>Name of Conflicted Party</u>	<u>Relationship with Conflicted Party</u>	<u>Nature of the conflict of interest situation with the Group (e.g. shareholdings, directorship, or close family member relationship)</u>
(i)			

(Signature)

(Date)

Name:
Designation:
Department:
Company:

b)

REVIEWED

I have reviewed the conflict of interest disclosure and propose/approve the following action plan to resolve/manage this matter:

(Signature)

(Date)

Name:
Designation:
Department:
Company: