



CONFLICT OF INTEREST POLICY

Date of Approval: 26th February 2024

KAREX BERHAD (201201034091 (1018579-U))
(Incorporated in Malaysia)



Karex Berhad and its Subsidiaries – Conflict of Interest Policy

1. Introduction

Karex Berhad (“Karex” or the “Company”) and its subsidiaries (“Karex Group” or the “Group”) are dedicated to maintaining the high standards of ethics and integrity. In the course of carrying out our roles and responsibilities in our business relationship with distributors, directors, employees, customers, business contacts and society, we agree to remain committed to conduct themselves with integrity, impartiality and professionalism at all times.

Due to the complexity of the Group’s business environment/operations, it is not possible for the Company to detect or identify every conflict of interest circumstance or potential conflict of interest circumstance that occurs or may occur. The occurrence of a conflict of interest circumstance does not necessarily imply that it is wrong. However, the failure to disclose it is a form of misconduct and a breach of our Code of Conduct. Regulatory bodies such as the Companies Commission of Malaysia, Securities Commission Malaysia and Bursa Malaysia Securities Berhad have provisions regarding disclosure requirements as well as recommended procedures on how conflict of interest situations should be managed or approached. The party concerned should not be the sole decision-maker in determining whether a conflict of interest exists as he/she/they may lack an independent or objective viewpoint.

Disclosure of a potential conflict of interest does not make it an actual conflict as such disclosure helps to eliminate any false perception. Conversely, disclosure of an actual conflict of interest does not remove potential conflict but merely facilitates appropriate management of the said conflict. It is therefore important to disclose any actual, potential and/or perceived conflict of interest situations to enable a proper evaluation and management of the said conflict. Non-disclosure of a conflict of interest may result in ethical and/or legal implications for the Group and individual involved.

This Conflict of Interest Policy (“Policy”) shall be read together with Code of Conduct of the Group, Whistleblowing Policy, Ethical Business Practice Policy, Anti-Bribery and Corruption Policy and other related policies.

2. Objectives

This Policy aims to protect the Group’s interest from any harmful conflict of interest situations, to safeguard the Group’s reputation, minimize legal liability, and enable the Group to effectively fulfil its responsibilities to all its stakeholders, industry and the environment. It provides clear guidance on how to effectively identify and evaluate any conflict of interest situations which may arise and to handle such situations in a fair and transparent manner, in accordance with the provisions of the regulatory bodies in Malaysia.

3. Scope

This Policy is based on the principle that Directors and employees of the Group, its Officers, Senior Management and all employees (also known as “Covered Persons”) owe a duty to the Group to conduct business in an ethical manner that promotes the accomplishment of the Group’s objectives.

3. **Scope (continued)**

All Covered Persons are expected to adhere to this general principle as well as to comply with all the specific provisions of this Policy that are applicable to them and other policies that may be adopted by the Group.

In accepting a position with the Group, each Covered Person becomes accountable for compliance with the law, relevant regulations, this Policy and all other policies of the Group.

4. **Definitions**

"AC" means Audit Committee.

"Business Associate" means an external party with whom the Group has, or plans to establish, some business relationship. This may include clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, advisors, agents, distributors, representatives, intermediaries and investors.

"Conflict of interest" or **"COI"** arises when a person's interests clash with his/her/its professional responsibilities, potentially leading to biased decision-making, unethical, illegal, or unprofessional behaviour and undermining the Group's interest. Conflict of interest may exist in the form of actual, potential or perceived as described in Clause 6 of this Policy.

"Director(s)" means directors of The Group (including Executive and Non-Executive Directors of Karex and directors of the Group).

"Employees" include permanent, temporary, contract, part-time, intern, apprentice, students and seconded staff under the Group.

"Family member" means:

- (i) a spouse of the person; or
- (ii) a brother or sister of the person, or their spouses; or
- (iii) a brother or sister of the spouse of the person, or their spouses; or
- (iv) parents or parents-in-law of the person; or
- (v) children (including adopted or stepchild) or children-in-law of the person; or
- (vi) a lineal descendant of a person referred to in (ii) and (iii) above, e.g., niece or nephew, or their spouses; or
- (vii) the uncle, aunt, or cousin of the person.

"Governance Party" means Karex Board of Directors or the Chief Executive Officer and Head of Group Human Resource (for COI matters involving employees other than Directors and Key Senior Management)

"Interested Party" means a Director, an Employee or a Business Associate, who/which is deemed to have a vested, potential or perceived vested interest, directly and/or indirectly, in the Group and/or is in a position or would be in a position to exert/exercise influence on the Group's business/operations/decision making, which could/may undermine the Group's interest.

"Key Senior Management" means the highest level of management in the Group, including C-suite employees who are not on the Board of Directors and any other persons whom the Board of Directors shall consider as being a Key Senior Management.

4. **Definitions (continued)**

"Related Party" means any individual or legal entity, or any other entity that:

- (i) directly or indirectly, through one or more intermediaries, controls the Group, even if it is shared, or is under common control with the Group; or holds a stake that allows it to exercise significant influence over the Group;
- (ii) is a director, officer or holds any position, statutory or otherwise, granting authority or responsibility for the planning, direction and control of the Group's activities or for any reason has a material influence over Group;
- (iii) is a family member of the individuals described in items (i) and (ii) above;
- (iv) is an entity directly or indirectly controlled by the Group or any of the individuals described in items (i), (ii) and (iii) above;
- (v) is an affiliate of the Group or any of the individuals described in items (i), (ii) and (iii) above; and/or
- (vi) is a proxy acting on behalf of a Covered Person

5. **General Responsibilities of a Covered Person**

Generally, a Covered Person is required to:

- Always comply with this Policy and other related procedures and guidelines;
- Demonstrate objectivity, integrity, and independence; employ sound judgment and discretion in all his/her/its actions;
- Make efforts, whenever feasible, to steer clear of circumstances that may lead to any COI situations as described in this Policy;
- Immediately declare any vested, perceived and/or potential interest in accordance with this Policy;
- Adhere to the appropriate Governance Party's advice, recommendation and/or decision to address the COI situation.

Apart from the abovementioned, all the Covered Persons are required to comply with the relevant statutory and regulatory provisions on COI situation such as:

- the Companies Act 2016;
- the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- the requirements of Securities Commission in Malaysia; and
- other applicable statutory/regulatory requirements, if any.

6. **Identifying COI Situation**

In this Policy, a COI situation (whether arisen, perceived and/or potential) is when an Interested Party, may or will through his/her/its position, action and/or judgement, directly and/or indirectly, exert undue influence on the COI situation and undermines or will undermine the Group's overall interest.

6. **Identifying COI Situation** (continued)

An interest can be a financial interest or a non-financial interest; a direct interest or an indirect interest as defined below:

- Financial interests refer to interests that can be measured in monetary terms, such as remuneration (salary, commission, fees etc.), commercial dealings such as business contracts, consultancy fees, acquisition and/or sale of assets etc.
- Non-financial interests include all other interests that are not measured in monetary terms, such as directorship (or involvement in other organizations such as competing businesses, professional, charitable, religious or political bodies, etc.), accessibility to confidential information, “Family member” relationship, etc.
- Direct interests refer to self-interest when an Interested Party has clear and defined rights.
- Indirect interests refer to situations when an Interested Party derived benefits through a third party or an intermediary, including using non-public information for financial gain in cases of insider trading.

Generally, COI may be described under the following broad categories:-

a) **Equity ownership in entities having a business relationship with the 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 the Group, either directly or indirectly through a Related Party. This does not apply to shares held in publicly listed companies which have a business relationship with the 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 the 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 the Group, including financial interest in any of the Group’s projects, contracts, sales, transactions or other business dealing or have Related Parties with such interests. An example would be where an employee of the Group is a Director of a company supplying materials to the Group. Such situations would result in a COI.

c) **Personal relationships**

A COI would exist if a Related Party of the Director, Key Senior Management or employee has a reporting relationship with the Director, Key Senior Management or employee. A COI 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 the Group. An example would be where Karem employee’s spouse is working in a company providing services or trading goods to the Group. This also applies to situations where a family member of the Group employee is working in a company bidding for a project to be awarded by the Group, although there is no contractual agreement yet.

6. **Identifying COI Situation (continued)**

d) **Contractual dealings**

This refers to situations where the 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). Such situations give rise to a COI and should be declared.

Further examples of potential COI are listed in Appendix A.

7. **Managing Conflict of Interest**

a) **For employees**

Any COI involving employees, declaration shall be made by filling up the Employees' Conflict of Interest Declaration Form as set out in Appendix B of this Policy.

The declaration shall be made as and when the conflict arises and shall be made as soon as the matter comes to his/her/its knowledge.

The completed declaration form shall be forwarded and reported by the employee with the conflict concerned to the Group Human Resources Department for further action.

The employee with the conflict and the Group Human Resources must take reasonable steps to manage and mitigate the impact of the conflict. The participation of the employee with conflict shall be limited which include, but not limited to the following:-

- (i) Abstaining from involvement, discussion during the process of decision making;
- (ii) Limiting access to information; and
- (iii) Re-arranging responsibilities or duties to a non-conflicting function, if necessary.

b) **For Directors and Key Senior Management**

If something constitutes a COI and if it involves a Director or Key Senior Management directly, it will likely constitute a COI if it involves a family member or business associate.

All Directors and Key Senior Management are under a continuing obligation to disclose any situation that presents a COI. Disclosure of the nature, character and extent of the Director's interest and conflict as soon as the matter comes to his/her/its knowledge, to the Board Chairman or Audit Committee Chairman via email to karex@whistleblowing.com.my or post to the following mailbox which is handled independently by the Group's Internal Auditor:

Moore Stephens Associates PLT
Suite 339, MBE 1 Mont Kiara Mall,
LG-13A, Lower Ground Floor, 1 Mont Kiara Mall,
No. 1, Jalan Kiara,
Mont Kiara, 50480 Kuala Lumpur.

Directors should declare any interests relevant to agenda items at the start of the board meeting (including where there is potential for a perceived COI). Where there is a COI, the said Director will not participate in any discussion and the consideration of the relevant item during the board meeting and shall not vote on the resolution in respect of the relevant item. If necessary, the Chair will determine whether there is a COI.

7. **Managing Conflict of Interest (continued)**

b) **For Directors and Key Senior Management (continued)**

All Directors and Key Senior Management are required to make a declaration of COI on an annual basis via the Directors / Key Senior Management Conflict of Interest Declaration Form as set out in Appendix C of this Policy.

The AC shall review the declaration made by the Director and Key Senior Management and propose the course of action to manage the conflict and mitigate the impact of the conflict on the decision-making process. If need arises, the AC may seek guidance from external professionals/consultants at the expense of the Company in order to determine an appropriate course of action.

The Company Secretary shall minute the declaration and decision taken on the COI.

8. **Record Maintenance**

For conflicts of interest involving employees, Group Human Resources Department shall maintain records of all conflict of interest declarations as well as other related documents.

For conflicts of interest involving Directors and Key Senior Management, the Company Secretary shall maintain records of the declarations and any other related documents

9. **Exception to the Policy**

This Policy shall not apply to an arrangement or transaction by entities within the Group and

- (i) any of its wholly owned subsidiaries;
- (ii) which is a wholly owned subsidiary of a holding company and another wholly-owned subsidiary company of that same holding company; or
- (iii) parties where it falls within the approved related party transactions parameters as determined by Karex shareholders.

10. **Breach of Policy**

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

For reference, based on the regulations by Securities Commission of Malaysia, failure to make such disclosure is a criminal offence, punishable on conviction by a fine not exceeding RM250,000, imprisonment for up to five years, or both.

11. **Review**

This policy shall be reviewed by the Board every three (3) years or as required when internal or external events warrant a more frequent review to be undertaken.

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

Examples include but are not limited to the following:

- speculation or dealing for personal benefit in equipment, supplies, material, services or property purchased by or products sold by members of the Group;
- outside interests which materially limit a Covered Person's ability to devote proper time or attention to the Group's businesses;
- direct or indirect ownership of stock or other financial or management interest in a business enterprise which is soliciting business with, competes with, or has a common business objective to the Group, unless that interest is limited to the ownership of securities traded on any national securities exchange or through any broker registered with the Securities Commission in a recognised over the counter market or unless prior approval is obtained from the Group. In the case of Senior Management, Covered Persons may seek approval from our Board of Directors for investments, related party transactions and other transactions/ relationships which a Covered Person would like to pursue, and which may otherwise constitute a conflict of interest or other action falling outside of the permissible activities under this Policy;
- direct or indirect relationships with an outsider that is unethical or that may create personal gain for a Covered Person who can influence any member of the Group's dealings, renders a Covered Person partial to the outsider to the detriment of the Group or may place any member of the Group or a Covered Person in an embarrassing or ethically compromised position;
- diversion to a Covered Person of a business opportunity in which the Group is or may be interested;
- acceptance by a member of a Covered Person's family member or by the said Covered Person of any loan, entertainment or favour from anyone associated with a distributor, customer, supplier, vendor, contractor, competitor or other outside business entity, that places the Covered Person under actual or implied obligation, that could be construed as a bribe or payoff, that is illegal, in terms of cash or cheque, or the disclosure of which would be embarrassing to the Group; and
- proxies acting on behalf of Covered Person does not exempt the Covered Person from their responsibilities under the scope of COI.

APPENDIX B

DECLARATION OF CONFLICT OF INTEREST BY KAREX EMPLOYEES

In accordance with the purpose and intent of Karex Berhad and its subsidiaries ("Karex" or "the Group") Conflict of Interest Policy ("Policy"), a copy of which has been furnished to me, I hereby disclose that I, my Family Members and/or Related Party (as define in the "Policy") have the following affiliations, interests or relationships, and/or have taken part in the following transactions:

| NO. | CONFLICT OF INTEREST DECLARATION | YES | NO |
|-----|---|-----------------------------------|----|
| | | Please indicate with a tick (✓) | |
| 1. | Do you, a Family Member or Related Party hold or potentially hold, directly or indirectly, a financial interest or other substantial personal interest or affiliation with any company, business affiliates or firm with which Karex has or proposes to enter into a business or contractual relationship? <i>Example: Serve as a board member, officer, or provide service to boards of business affiliates.</i> | | |
| 2. | Are you a currently/potentially director, executive, advisory board member, limited partner, officer, trustee or hold another position of authority to influence, directly or indirectly, any organization, firm, company whether joint venture, owned or partially owned by your organization that would, directly or indirectly, compete with Karex's businesses? <i>Example: Hold a board seat or executive position of an entity or any of its sub-entities that has competing interests to Karex.</i> | | |
| 3. | Do you, a Family Member or Related Party had, have or potentially have, directly or indirectly, a compensation relationship with any company, business affiliates or firm with which Karex has or proposes to enter into a business or contractual relationship that has resulted in or could result in personal benefit to you, a Family Member or Related Party? <i>Examples: Compensation for employment or independent contractor services, consulting fees, board stipends or fees, cash or cash equivalents, loans, entertainment, gifts, discounts, free services, advisory committee fees, favors, honoraria, royalties, personal services, other indebtedness of any kind, etc.</i> | | |
| 4. | Have you, a Family Member or Related Party used non-public information that has been acquired via Karex, a business affiliate or any other relationship to Karex for personal benefit? | | |
| 5. | Have you, a Family Member or Related Party taken opportunities related to Karex business by using Karex property, information, or position for personal gain, or competed with Karex for business opportunities? | | |

| NO. | CONFLICT OF INTEREST DECLARATION | YES | NO |
|-----|--|-----------------------------------|----|
| | | Please indicate with a tick (✓) | |
| 6. | Have you, a Family Member or Related Party used or potentially use Karex assets, labor or information for personal use without prior approval by the Human Resources Department for personal gain? | | |
| 7. | Do you, a Family Member or Related Party have or potentially have directly or indirectly, an equity investment in any company, business affiliate or firm with which Karex has or proposes to enter into a business or contractual relationship? | | |
| 8. | Are there any other interests, activities, investments or involvement that you think might be relevant for full disclosure of all actual, apparent or potential conflicts of interest? | | |
| 9. | Do you, a Family Member or Related Party have or potentially have, directly or indirectly, interests, activities, investments or involvement with any company that have similar business in competition with Karex? | | |

* Where you have ticked 'YES', please disclose the details of your interests such as name of the company, number of shares, percentage of shareholding, relationship, etc. and/or provide the relevant supporting documents.

| No. | Explanation for items ticked YES** | | |
|-----|--|------------------------------------|---|
| | Name of Conflicted Party (actual, potential, and perceived) | Relationship with Conflicted Party | Nature of Conflict of Interest Situation with Karex and Detailed Description (e.g. shareholdings, directorships, and Close Relationship) |
| | | | |
| | | | |

** May insert additional attachment if insufficient space

Name: NRIC/Passport No.: do hereby solemnly affirm and declare the following:

- (i) I have received a copy, read and understand the Policy.
- (ii) I agree to comply with the Policy.
- (iii) I agree to report to the Group Human Resources Department of Karex any change in the responses to each of the foregoing questions that may result from changes in circumstances or any further financial interest, situation, activity, interest or conduct that may develop before completion of my next Declaration of COI.
- (iv) The information contained in this Declaration of COI is true and accurate to the best of my knowledge and belief.
- (v) I am the individual named above who completed and signed the Declaration of COI.

Name :

Date :

Signature :

APPENDIX C

DECLARATION OF CONFLICT OF INTEREST BY DIRECTORS AND KEY SENIOR MANAGEMENT

In accordance with the purpose and intent of Karex Berhad and its subsidiaries (“Karex” or “the Group”) Conflict of Interest Policy (“Policy”), a copy of which has been furnished to me, I hereby disclose that I, my Family Members and/or Related Party (as define in the “Policy”) have the following affiliations, interests or relationships, and/or have taken part in the following transactions:

| NO. | CONFLICT OF INTEREST DECLARATION | YES | NO |
|-----|---|-----------------------------------|----|
| | | Please indicate with a tick (✓) | |
| 1. | Do you, a Family Member or Related Party hold or potentially hold, directly or indirectly, a financial interest or other substantial personal interest or affiliation with any company, business affiliates or firm with which Karex has or proposes to enter into a business or contractual relationship? <i>Example: Serve as a board member, officer, or provide service to boards of business affiliates.</i> | | |
| 2. | Are you currently/potentially a director, executive, advisory board member, limited partner, officer, trustee or hold another position of authority to influence, directly or indirectly, any organization, firm, company whether joint venture, owned or partially owned by your organization that would, directly or indirectly, compete with Karex’s businesses? <i>Example: Hold a board seat or executive position of an entity or any of its sub-entities that has competing interests to Karex.</i> | | |
| 3. | Do you, a Family Member or Related Party had, have or potentially have, directly or indirectly, a compensation relationship with any company, business affiliates or firm with which Karex has or proposes to enter into a business or contractual relationship that has resulted in or could result in personal benefit to you, a Family Member or Related Party? <i>Examples: Compensation for employment or independent contractor services, consulting fees, board stipends or fees, cash or cash equivalents, loans, entertainment, gifts, discounts, free services, advisory committee fees, favors, honoraria, royalties, personal services, other indebtedness of any kind, etc.</i> | | |
| 4. | Have you, a Family Member or Related Party used non-public information that has been acquired via Karex, a business affiliate or any other relationship to Karex for personal benefit? | | |
| 5. | Have you, a Family Member or Related Party taken opportunities related to Karex’s business by using Karex property, information, or position for personal gain, or competed with Karex for business opportunities? | | |

| NO. | CONFLICT OF INTEREST DECLARATION | YES | NO |
|-----|---|-----------------------------------|----|
| | | Please indicate with a tick (✓) | |
| 6. | Have you, a Family Member or Related Party used or potentially use Karex assets, labor or information for personal use without prior approval by the Chairman of the Board of Directors which are not as part of an approved Board of Directors communication, compensation or expense reimbursement program? | | |
| 7. | Do you, a Family Member or Related Party have or potentially have directly or indirectly, an equity investment in any company, business affiliate or firm with which Karex has or proposes to enter into a business or contractual relationship? | | |
| 8. | Are there any other interests, activities, investments or involvement that you think might be relevant for full disclosure of all actual, apparent or potential conflicts of interest? | | |
| 9. | Do you, a Family Member or Related Party have or potentially have, directly or indirectly, interests, activities, investments or involvement with any company that have similar business in competition with Karex? | | |

* Where you have ticked 'YES', please disclose the details of your interests such as name of the company, number of shares, percentage of shareholding, relationship, etc. and/or provide the relevant supporting documents

| No. | Explanation for items ticked YES** | | |
|-----|--|------------------------------------|---|
| | Name of Conflicted Party (actual, potential, and perceived) | Relationship with Conflicted Party | Nature of Conflict of Interest Situation with Karex and Detailed Description (e.g. shareholdings, directorships, and Close Relationship) |
| | | | |
| | | | |

** May insert additional attachment if insufficient space

Name: NRIC/Passport No.:

do hereby solemnly affirm and declare the following:

- (i) I have received a copy, read and understand the Policy.
- (ii) I agree to comply with the Policy.
- (iii) I agree to report to the Chair/Board and/or Company Secretary of Karex any change in the responses to each of the foregoing questions that may result from changes in circumstances or any further financial interest, situation, activity, interest or conduct that may develop before completion of my next Annual Declaration of COI.
- (iv) The information contained in this Annual Declaration of COI is true and accurate to the best of my knowledge and belief.
- (v) I am the individual named above who completed and signed the Annual Declaration of COI.

Name :

Date :

Signature :