

Public Packages Holdings Berhad (“PPHB”)
Conflict of Interest & Related Party Transaction Policy

1. INTRODUCTION

PPHB and its subsidiaries (“the Group”) are committed to uphold the highest ethical standards of integrity, transparency and ethical conduct in all business operations. In line with the Group’s commitment, PPHB has established a comprehensive Conflict of Interest and Related Party Transaction Policy (“COI Policy”), which sets out the framework as well as appropriate controls and measures to ensure systematic identification and management of such conflict or potential conflict or perceived conflict of interest (“COI”) in an effective manner.

With this COI Policy, the Directors and employees of the Group are expected to discharge their duties in a professional, honest and ethical manner at all times, and to avoid any COI between their personal interest and the Group’s interest. This COI Policy also serves as a guide to the PPHB’s board of directors (“Board”) in discharging their role, which is to provide oversight and review of conflicts of interest situation that arose or may arise within the Group.

This COI Policy shall be read together with Code of Ethics, Anti-Bribery & Anti-Corruption Policy, and Whistleblowing Policy of the Group.

2. OBJECTIVE

This COI Policy aims to effectively identify, address and manage a wide range of COI, including those that are actual, potential or perceived in nature.

3. SCOPE

- 3.1 This COI Policy applies to all Directors, Key Senior Management, and employees of the Group (“Relevant Persons”).
- 3.2 This COI Policy applies whenever COI is identified by a Relevant Person or should reasonably be anticipated from his/her current or future activities. The policy provides guidance on: -
- (1) the recognition and disclosure of COI; and
 - (2) the creation, execution, and oversight of strategies to appropriately handle COI.
- 3.3 The scope of this COI Policy is extensive, encompassing a wide range of activities that could give rise to COI. Although the COI Policy cannot possibly account for every conceivable situation, the Relevant Persons are expected to exercise sound judgement, adhering to the intent of this COI Policy.

4. DEFINITIONS

- 4.1 A COI may arise where the interests of a Relevant Person interfere, or appear to interfere, with the interests of the Group, or where the Relevant Person has interests that may make it difficult to perform his/her role objectively and effectively. For example, a COI may arise in a situation when a Relevant Person is able to influence (direct or indirectly) the Group’s business or other decisions in ways that could lead to gain for themselves, their family or others.
- 4.2 A COI may relate to a Relevant Person’s own interests or that of a connected person, which mean family, relatives, close associates, or any person from any business of which the Relevant Person may hold any direct or indirect interest.

4.3 An interest can be financial or non-financial, whereby: -

- (1) *financial interests* include remuneration (such as salary, wages, commission, consultancy fees, or other form of income); and
- (2) *non-financial interests* include career advancement, reputation enhancement, and access to privileged information or facilities.

4.4 For the purpose of this COI Policy, the definition of COI includes: -

- (1) *Actual COI* – The Relevant Person faces a real, existing conflict.
- (2) *Potential COI* – The Relevant Person is in or could be in a situation that may result in a COI, but such COI has not fully materialised.
- (3) *Perceived COI* – The Relevant Person is in or could be in a situation that may appear to give rise to a COI, even if this is not the case.

4.5 For the purpose of this COI Policy, “Family Member” refers to a Relevant Person’s spouse, parent, child (including an adopted child and step child), brother, sister and the spouse of the Relevant Person’s child, brother or sister.

5. SITUATIONS THAT MAY GIVE RISE TO COI OR POTENTIAL COI

The Relevant Persons should pay attention to the following situations to avoid any COI: -

(i) *Equity ownership or participation in other organisations and/or entities*

This is where a Relevant Person holds direct and/or indirect equity ownership (e.g. through a family member) in other entities or other organisations, in particular where such entities or organisations have a business relationship with the Group.

Holdings of shares of public listed companies which have a business relationship with the Group are excluded, unless such holding is considered to be material (i.e. 5% or more) and the interest is likely to impair the objectivity of the Relevant Person in discharging his/her duties and obligations.

(ii) *Directorship, partnership or other forms of beneficial interest in entities which have a business relationship with the Group*

This applies to situations where a Relevant Person holds a position or has interest in entities having a business relationship with the Group. Such interest includes, but is not limited to, financial interest in any of the Group’s projects, contracts, sale, transactions, or other business dealings. It also includes situations where the Relevant Person has family members, close relatives or associates with such interests.

(iii) *Other employment, business appointments or undertakings*

A COI may arise where a Relevant Person is engaged in other part time employment or has other business appointments, opportunities or undertakings which may interfere with the proper discharge of his/her official duties in the Group, which may result in a negative impact on their performance or give rise to a COI or potential COI with regards to their employment.

The Relevant Person is expected to devote his/her time, attention and commitment during the performance of his/her duties. A COI may arise where the Relevant Person’s participation in any non-Group related business or non-business activity requires excessive time and attention, thereby adversely affecting his/her commitment and performance on the job.

(iv) *Personal relationships*

A COI would exist if a family member of the Relevant Person has a reporting relationship with the Directors or Key Senior Management of the Group.

A COI would arise if a Relevant Person has a family member with an interest (e.g. in the form of ownership, directorships, partnerships, employment and etc) in entities or organisations which has a contractual arrangement with the Group.

(v) *Contractual dealing with the Relevant Persons*

This refers to situations where the Group purchases or leases property, equipment, materials etc from a Relevant Person, or enters into contractual arrangements with a Relevant Person (other than employment contracts). Such situations give rise to a COI and should be declared to Human Resources Department (“HRD”) and Group’s Audit and Risk Management Committee (“ARMC”). In addition, approval from the Board[who?] should be obtained prior to the Relevant Person entering into any such contractual arrangements.

(vi) *Dealing with competitors*

A COI will arise if a Relevant Person or his/her family member has any financial or other interests or involvement in the business of a competitor, or holds a directorship in a competitor. This does not apply to the holdings of publicly listed shares of competitor companies, unless such holdings are considered to be material (i.e. 5% or more) and the interest is likely to impair the objectivity of the Relevant Person in discharging his/her duties and obligations.

A COI will also arise if a Relevant Person accepts employment with a competitor during the period when he/she is still employed with the Group, especially if the Relevant Person is/has been dealing with sensitive or confidential information. As such, the COI must be declared immediately prior to the acceptance of employment with the competitor to enable the Group to take necessary actions to manage the COI.

(vii) *Involvement in activities where the Relevant Person concerned is the subject matter*

A COI arises if a Relevant Person participates in activities where he/she is the subject of discussion or where the decision involves his/her direct and/or indirect interests. An example of this situation is where an allegation is made against a Relevant Person through the whistleblowing channel, and the Relevant Person is part of the investigating team tasked with investigating the allegation.

The aforementioned situations are not an exhaustive list of the possible scenarios that may give rise to COI. All Relevant Persons should exercise sound and prudent judgement in ensuring his/her compliance with this COI Policy. If in doubt as to the action that should be taken, the Relevant Person should consult the Group’s ARMC.

6. GENERAL RESPONSIBILITIES

All Relevant Person are responsible for identifying and managing COI on an on-going basis and are required to:

- (i) To comply with this COI Policy and other applicable policies and guidelines relating to the identification, documentation, escalation and management of COI;
- (ii) To act with objectivity, integrity and independence and to exercise sound judgement and discretion;
- (iii) To avoid, wherever possible, situations giving rise to COI as described in this COI Policy; and
- (iv) Immediately declare any COI in accordance with this COI Policy and abstain from the decision-making process.

7. WHEN TO DECLARE CONFLICTS OF INTEREST

7.1 Personnel

- (1) During the onboarding process, i.e. new employment or when transferred between roles.
 - (2) On an annual basis
 - For employees, this exercise will be initiated by the HRD.
 - For Directors, they will undertake declaration of their interests and submit their declaration to the Company Secretary.
 - (3) On ad hoc basis
 - That is, immediately or as soon as they become aware of any changes to their current interest.
- 7.2 Whilst it is primarily the duty of a Relevant Person to declare all COI and his/her relevant interests, other employees of the Group, such as a manager or colleague of the Relevant Person, may also become aware of a COI. In such situations, the other person(s) should request that the Relevant Person declare their interests so that such COI can be dealt with appropriately.
- 7.3 There are many times where a Relevant Personnel would not necessarily know whether a COI exist, and if so, how it should be dealt with. As such, when in doubt, Personnel are advised to always declare the conflict.
- 7.4 The completed COI forms as per **Appendix A** shall be kept by HRD. Information disclosed in the COI forms shall be strictly confidential.

8. RECURRENT RELATED PARTY TRANSACTION (“RRPT”)

In formulating the COI Policy, the Group has also taken into account of the requirements contained in the Paragraph 10.09(2) and Practice Note 12 of Main Market Listing Requirement (“MMLR”). A company may seek a mandate from its shareholder in respect of RRPTs subject to the following: -

- a) The transactions are in the ordinary course of business and are on the terms not more favourable to the related party than those generally available to the public;
- b) The shareholders’ mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year where the aggregate value is based on the following threshold: -

In relation to an issued share capital of RM60 million and above:

- (i) The consideration, value of the assets, capital outlay or costs of RRPT is RM1 million or more; or
- (ii) The percentage ratio of such aggregate transaction is 1% or more.

Whichever is the higher.

- b) The circular issued to shareholders for the shareholders’ mandate includes the information as may be prescribed by the MMLR. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- c) In a meeting to obtain shareholders’ mandate, the interested Director, interested major shareholder or interested persons connected with a Director or major shareholder must not vote on the resolution to approve the transactions. Further, where it involves the interest of an interested person connected with a Director or major shareholder, such Director or major shareholder must not vote on the resolution to approve the transactions. An interested Director or interested major shareholder must ensure that persons connected with him/her abstain from voting on the resolution approving the transactions; and
- d) The company immediately announces to Bursa Securities when the actual value of a RRPT entered into exceeds the estimated value of RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The review procedures for RRPT are disclosed in **Appendix B**.

9. MAINTAIN OF RECORDS

HRD shall maintain records of all COI declarations and all RRPTs as well as other related documents.

10. CONSEQUENCES FOR NON-DISCLOSURE

Failure to disclosed a COI is a breach of this COI Policy and may lead to disciplinary action.

11. REVIEW

This COI Policy shall be reviewed at least once a year by the Board as and when required and updated in compliance with the prevailing applicable laws and regulations or in accordance with the needs of the Group, when necessary.

I, _____ (NRIC No. _____) hereby declare an actual/potential/perceived conflict of interest as follows: -

	Equity ownership in entities having a business relationship with the Group.
	Directorship, partnership or other forms of interest in entities having a business relationship with the Group.
	Other employment, business appointments or undertakings.
	Personal relationships.
	Contractual dealings with Directors and employees.
	Dealings with competitors
	Involvement in activities where the Director and employee concerned is the subject matter.
	Others

DETAILS OF CONFLICT OF INTEREST OR POTENTIAL OR PERCEIVED CONFLICT OF INTEREST

[illegible]

Name: _____
Position: _____
Date of Declaration: _____

Public Packages Holdings Berhad
Registration No. 198701003743 (162413-K)

Ref no.: _____

Decision by the Audit Committee and the Board: -

Reviewed by:

Name:
Position: Chairman of Audit Committee
Date:

Approved by:

Name:
Position: Chairman of Board of Directors
Date:

Public Packages Holdings Berhad

Review procedures for Recurrent Related Party Transactions (“RRPT”)

The Group has established and implemented the following guidelines and review procedures to ensure that RRPTs are not to the detriment of minority shareholders and are undertaken on arm’s length and are on transaction prices and normal commercial terms which are not more favourable to the Related Parties than those generally available to third parties/public: -

(A) Identification

- i) A list of Related Parties will be circulated within the Group to notify that all RRPTs are required to undertaken on an arm’s length basis, and on normal commercial terms consistent with the Group’s business practices and policies. The terms shall not be more favourable to the Related Party than those generally available to the public and shall not be to the detriment of the minority shareholders of the Group.
- ii) All companies within the Group are required to inform the Internal Auditor before entering into any RRPTs, including those entered into pursuant to the shareholders’ mandate. The Internal Auditor is to report on all transactions involving Related Parties, and such reports are to be tabled to the Audit Committee for review on quarterly basis.

(B) Authorisation

- i) On identification or occurrence of a RRPT, the Related Parties will be informed of their responsibilities and obligations under the MMLR, as well as the Group’s procedures and guidelines for RRPTs.
- ii) If a member of the Board has an interest, direct or indirect, in any RRPT, he or she shall abstain from any deliberations, decision making and voting in respect of the said transaction.
- iii) Transactions with a value of more than RM500,000 will be reviewed and approved by the Board, while transactions with a value of RM500,000 or less will be reviewed and approved by one senior management who has no interest in the transaction.
- iv) Wherever practicable, at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be obtained by the Company’s purchasing department and used as comparison to determine whether the price and terms offered by the related parties are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Ceteris paribus, the Company will buy from the supplier with the lowest price and which complies with the quality and prompt delivery as requested by the Company. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction terms and prices will be determined based on the Group’s normal business practices and policies. In this regard, the Company will ensure that terms and prices quoted by the related parties are fair and to the best interest of the Company, and are not to the detriment of the Group and/or the minority shareholders of the Company.

(C) Monitoring and reporting

- i) A register shall be maintained by the respective companies within the Group to record all RRPTs.
- ii) The Internal Auditor will conduct periodic review on all RRPTs to ascertain that the guidelines and procedures established to monitor all RRPTs have been complied with. In the event of any non-compliance, the Internal Auditor will notify the Audit Committee immediately. However, for any minor divergence, the Internal Auditor will report in their quarterly Internal Audit Report to the Audit Committee.

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Review procedures for Recurrent Related Party Transactions (“RRPT”) (con’t)

(C) Monitoring and reporting (con’t)

- iii) The Audit Committee will review the Internal Audit Reports prepared by the Internal Auditor to ascertain that the guidelines and procedures established to monitor all RRPTs have been complied with.
- iv) The Audit Committee will also review the cumulative value of all RRPTs reported by the Internal Auditor.
- v) Disclosure on all RRPTs will be made in the annual report of the Company in accordance to MMLR.

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