

# **Company Policies & Procedures**

## **CONFLICT MANAGEMENT POLICY**

### **POLICY STATEMENT**

The Institute of Corporate Directors Malaysia (ICDM) advocates and upholds Anti-Corruption Principles in Malaysia in promoting integrity, good governance and transparency in all aspects of ICDM operations and to be in line with the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") as well as all applicable anti-bribery and anti-corruption laws. It aims to achieve and maintain high standards with regard to behaviour in all its working practices.

ICDM adopts a zero tolerance approach against all forms of bribery and corruption, and recognises that a clear and transparent anti-bribery and anti-corruption policy is critical in creating a strong corporate culture of ethics that drives proper conduct and awareness that all forms of bribery and corruption are unacceptable. ICDM is committed to establishing an ethical work environment for all employees, members, directors and officers. This Policy underpins the standards of conduct expected from all ICDM employees, members, directors and officers.

### **PURPOSE OF THE POLICY**

ICDM is committed to prevent conflict of interest between its various businesses and activities and between its clients, members, directors and employees. It promotes high standards of care, skill and fair dealing to ensure that conflict of interest is properly managed and mitigated to achieve ICDM's business standards.

In pursuit of this, ICDM has established an ethical work environment which underpins the expected standards of conduct by having in place a Conflict Management Policy. This would further assist in identifying and properly managing any actual, potential and perceived conflict of interest situation.

This Policy sets out the rules and principles which apply to actual, potential and perceived conflicts of interest, and for such conflicts to be addressed in a proper and transparent manner. This encompasses:

- (a) being responsible for decisions and actions, as individuals and as a key stakeholder of our organisation;
- (b) exercising power responsibly and acting with transparency, integrity and professionalism; and
- (c) being accountable for actions and decisions.

Business decisions and actions must not be motivated by personal interest, considerations or relationships. A conflict situation will arise where your ability to perform your duties effectively and impartially is impaired by a relationship outside of ICDM.

You are expected to exercise common sense in avoiding any conflict of interest and, to act responsibly, and with integrity.

The Policy applies to ICDM's Board of Directors, invited individuals who sit on ICDM Board committees, nominated individuals to represent ICDM on the board of another organisation, ICDM members, directors and employees of ICDM.

## **DEFINITION OF CONFLICT OF INTEREST**

For the purpose of this Policy, "conflict of interest" is defined as a situation where your interests are pursued at the expense of ICDM. More generally, conflict of interest can be said to arise when an individual or corporation is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit.

## **TYPES OF CONFLICTS**

A conflict of interest is generally divided into three categories:

- (a) An **actual conflict of interest** refers to direct or real conflict between your duties and responsibilities to ICDM and a competing personal interest.
- (b) A **potential conflict of interest** refers to a situation where your private interest could potentially develop to influence the exercise of your power or performance of your duties or responsibilities to ICDM.
- (c) A **perceived conflict of interest** refers to a situation where others may reasonably perceive, or you give the perception, that a conflict of interest exists on your part that could affect your decision or responsibility.

## **IDENTIFYING CONFLICTS OF INTEREST SITUATIONS**

Conflicts of interest may arise as a result of your relationships with third parties, who may or may not have a commercial relationship with ICDM.

Conflicts may arise in several situations. Typical categories are:

- (d) where you have a direct or indirect material interest in transactions that ICDM enters into;
- (e) where you hold positions or offices or own property that may result in conflicting duties;
- (f) where you stand to benefit from information received or opportunities made available in your capacity or relationship with ICDM.

In dealing with conflicts of interest, you must pay attention to ICDM's Code of Conduct, By-Laws, Constitution, Board Charters, Board Committee Terms of Reference, Procurement Policy, the terms of your engagement/reference with ICDM, Human Resource/employee related policies and procedures and any other relevant policies that ICDM may issue from time to time. Directors should note that you have statutory obligations under the Companies Act 2016.

## GENERAL PRINCIPLES OF CONFLICT MANAGEMENT

The various categories, which are not exhaustive, and how conflict can be avoided or managed, as the case may be, are documented below and must be taken as a guide when faced with such conflict situations.

<b>Categories</b>	<b>Conflict Management/Avoidance</b>
<b>Gifts, benefits and hospitality</b>	<p>You must not receive any gift, benefit or hospitality that could reasonably be interpreted by others as a real, perceived or potential conflict of interest.</p> <p>You must not seek for yourself or others any gift, benefit or hospitality that could be reasonably interpreted by others as an inducement or a conflict of interest.</p> <p>Benefit can be in the form of discount other than the prescribed members' entitlement, which is not in line with the practice of ICDM so as to maintain transparent membership affairs.</p>
<b>Commercial</b>	<p>Where you hold an interest in a directorship, shares, or have a personal connection with a third party, you should:</p> <ul style="list-style-type: none"><li>(a) remove yourself from the conflict;</li><li>(b) disclose the conflict prior to any business activity taking place;</li><li>(c) refrain from using your position in ICDM to procure a benefit to the third party.</li></ul>
<b>Sponsorship</b>	<p>You should remove yourself or abstain from any decision-making for sponsorship, donations or financial contribution of any kind (whether in cash or in-kind) to a third party where you hold an interest.</p>
<b>Procurement</b>	<p>The procurement of all goods and services for and on behalf of ICDM must be conducted in an honest, competitive, fair and transparent manner.</p> <p>We expect you to act with integrity and ethically at all times when making any decisions, recommendations or approvals relating to procurement of goods and services for ICDM.</p> <p>ICDM's Procurement Policy is required to be observed at all times.</p>
<b>Financial</b>	<p>All decisions which have a financial impact on ICDM must be made responsibly, and with integrity.</p> <p>A conflict of interest may arise if you have:</p> <ul style="list-style-type: none"><li>(a) an approved budget and personal interest in an activity that is to be funded out of your approved budget;</li><li>(b) financial involvement with a third party who is applying for approval from you for financial and non-financial decisions.</li></ul>
<b>Employment</b>	<p>You should not carry out any of the following, where you have a personal relationship with the person concerned, unless you have disclosed the relationship to ICDM and are authorised by ICDM to do so:</p>

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- (a) the recruitment and appointment of a candidate;
  - (b) supervision or managing an employee;
  - (c) carrying out any performance appraisals or deciding on any remuneration offer or package.

You should not take up any outside employment, whether full time or part time, except with the approval of ICDM.

You should not pursue any outside activity if such activity may affect the quality of your work, affect the reputation of ICDM or give rise to actual or potential conflict with your duties and responsibilities.

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It should be noted that the conflict management obligation does not prohibit all Conflict of Interest situations. It does not mean that ICDM can never provide its services if a conflict exists. Rather, this Policy's obligation requires that all conflict of interest be adequately managed by a combination of internal controls and proper disclosures.

However, in situations where a conflict cannot be managed through controls and disclosure, ICDM's Board of Directors, members, directors, employees, personnel must avoid the conflict or refrain from such conflict. This is to minimize the risk that ICDM's Board of Directors, members, directors, employees or personnel may be tempted to unfairly prefer their own interests to the interest of others. This shall also apply to invited individuals who sit on ICDM Board committees and nominated individuals to represent ICDM on the board of other organisations.

**PROTOCOLS FOR DEALING WITH CONFLICTS OF INTEREST**

You are required to comply with the following protocol in managing any conflict of interest.

Declaration	Declaring any potential or actual conflict: (1) <b>For directors:</b> to the Board; (2) <b>For invited individuals to sit on ICDM's Board committees or represent ICDM on another organisation:</b> to the Chief Executive Officer; (3) <b>For the Chief Executive Officer:</b> to the Board; (4) <b>For employees:</b> to your immediate superior or the Head of Human Resources or to the Chief Executive Officer.
Refrain from decision making	Where there is actual, potential or possibility of perceived conflict, you should refrain from taking part in the decision-making process or to abstain from voting.  <b>By way of illustration</b> , where an ICDM Director: (a) has a role in the Board Nomination Committee of any client organisation; and (b) an ICDM candidate is recommended separately by that Director to the client organisation,

	<p>the Director must declare (a) and (b) to ICDM. In addition, the Director should abstain from deliberating on any matter involving ICDM at the client organisation's board or board committee level.</p> <p><b>An illustration relevant to ICDM employees</b> would be: where ICDM engages a particular company whose spouse or family member is an employee of ICDM. The particular member of ICDM shall disclose his relation to the said company and refrain from decision making.</p>
Conflict discovered after a decision is made	Where you discover a conflict after a decision has been made, you should declare the conflict immediately (see column on "Declaration").
Responding to conflict issue	<p>Where the Board, management or a committee is of the view that a particular decision, approval or instruction may be in breach of the Policy, the Board, management or committee (as the case may be), may request for the matter to be deliberated further or to escalate the matter to the Board.</p> <p><b>By way of illustration:</b></p> <p>(a) If the Board discovers that a director should not have voted on a matter (as he had a personal interest), the Board should reconvene another meeting to deliberate on that matter (without the director in question). As there is no higher authority than the Board, it is the board that should review its own decisions.</p> <p>(b) If the Membership Committee discovers that a member should not have decided on a matter (as he had an interest in the matter), the Membership Committee should either reconvene another meeting to deliberate on that matter (without the member in question) or to refer the matter to the Board for deliberation.</p>

## DOCUMENTATION FOR TRACKING OF CONFLICT OF INTEREST

ICDM shall maintain a Conflict of Interest register to record the identified Conflicts of Interest.

- (a) Identified Conflicts of Interest shall be documented in a register describing the kinds of services, roles, activities or any other aspects that may give rise to an actual, potential or perceived Conflict of Interest. The records shall include a description of effective measures to manage the situation.
- (b) The recorded items are to be reviewed at least annually to ensure up to date documentation. The annual review shall include each respective division reviewing their activities, products and services to identify new or previously unidentified Conflicts of Interest and ensure it is tabled to the Audit and Risk Management Committee for its notation. Each employee/director shall be aware of the identified Conflicts of Interest and agreed on the preventive or mitigating measures that are relevant for his or her role and duties.

**AMENDMENT**

The Board may amend the Policy at any time and from time to time. The Policy may be reviewed and updated from time to time by ICDM management to ensure that it remains relevant and in line with best practice.

*This Policy was approved by ICDM Board on **27 Nov 2020**.*