



Group Related Party Transactions and Conflict of Interest Policy

1 INTRODUCTION

The Group Related Party Transactions and Conflict of Interest Policy (the “Policy”) provides the framework for SBM Holdings Ltd (“SBMH”) and its subsidiaries (together referred to as the “Group”) to effectively identify, evaluate, disclose and manage potential, actual conflict of interests as well as related party transactions which may arise in relation to the activities of the Group.

2 OBJECTIVES

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable between the Group and any of its related parties, in the best interests of the Group and its stakeholders.

The Board of SBMH will keep under review and amend the Policy from time to time.

3 SCOPE AND GOVERNANCE

The SBMH and subsidiary Boards must ensure that appropriate policies and processes are in place to identify and track conflicts and where applicable approve and report related party transactions.

4 DEFINITION OF A RELATED PARTY

A Related Party transaction is a transaction between two parties or their close relatives, who have a pre-existing business or personal relationship. The in-country definition may vary and it is for the SBM entity Board to ensure that the requirements are captured in its process and reporting.

A related party would typically include transactions by the Group with a senior employee or director of that entity and also their close family members (such as parents, spouses and children) as well as transactions with businesses in which they have an interest.

Transactions could include credit facilities granted by the SBM entity, contracts for sale or for the supply of goods, provision of services or consultancy arrangements.

Normally related party transactions are not prohibited. However the Group must ensure that a related party transaction is on market terms, not unfavourable to SBM and at arms’ length.

In addition, the SBM entity should implement prudent rules and limits with respect to credit facilities to related parties. The SBM entity Board must also establish clear and transparent procedures to ensure that Board Members who are or may be conflicted are excluded from the deliberation and approval process of a related party transaction.

5 DEFINITION OF A CONFLICT OF INTEREST

A conflict of interest is defined as a situation in which a person is in a position to exploit a professional or official capacity for personal benefit or where a person finds himself/herself in a situation where professional duties may be influenced by personal motives. SBM staff may be exposed to situations that potentially raised conflicts of interest and shall not allow such interest, whether direct or indirect, to conflict with or take precedence over their professional duties.

6 GUIDING PRINCIPLES

The below principles would guide and underpin the development of all processes, systems and procedures for related party transactions/conflict of interest.

- **Identification of Potential Related Party Transactions:** Directors and staff members should proactively make disclosures of any interest that such person or his/her relatives have or may have in a related party transaction. The Group should proactively implement a system of checks and balances to monitor compliance with the regulatory limits and internal prudential limits.
- **Fair and Equitable Treatment:** The Group should ensure impartiality and prevent activities that override established policies and procedures when entering into transactions with related parties, i.e. to ensure all related party transactions are conducted at arm's length basis and in the ordinary course of business and that the terms and conditions of the transactions should not be more favorable than similar transactions with non-related parties.
- **Compliance with Regulatory Requirements:** The Group should ensure that it complies with in-country regulatory requirements including limits and reporting of related party transactions in a timely manner.
- **Protecting the interests of Stakeholders:** The Group should ensure that all related party transactions go through a stringent approval process to protect the interests of SBM stakeholders.

7 DISCLOSING AND MANAGING CONFLICT OF INTEREST & RELATED PARTY TRANSACTIONS

A director or staff member after becoming aware of his/her interest in a transaction/proposed transaction with the Group or otherwise is or will be involved in a conflict shall:

- Immediately disclose to his line manager or the Board/Committee as appropriate the fact, nature and extent (including the monetary value of the transaction, if known) of his/her interest;
- Withdraw his participation in any deliberation or any decision making process in relation thereto.

If a staff member or a director is unsure whether a transaction is or may constitute a related party transaction or may entail a conflict of interest, he/she should consult the Company Secretary or Compliance function. Each SBM entity must ensure appropriate escalation and documentation processes for reporting are in place.

8 ROLES AND RESPONSIBILITIES

8.1 Board of Directors

1. Each SBM entity Board is responsible for establishing and implementing appropriate policies on related party transactions and conflicts of interest and for administering the process for handling the transactions within the Group;
2. At the start of the Board or any committee meeting, a Director shall have the opportunity to disclose any new conflict that might arise during the business of the day and as such, upon disclosure of any conflict of interest, the Director shall case his/her name to be entered in the interest register of the SBM entity which is maintained by the Company Secretary.
3. Any Director potentially facing a situation of a conflict of interest or involved in a related party transaction shall not: (a) be counted in the quorum to take any decision on any contract or arrangement or any other proposal he/she or his/her associate is interested, (b) participate in any discussion pertaining to the above mentioned interest/s; and (c) vote on the issue.
4. The Board of each SBM entity should disclose/update their related party disclosure on a quarterly basis. Any changes should be notified promptly to the Company Secretary.

8.2 Company Secretary

1. The Company Secretary, shall, on behalf of the Board-
 - a. Be responsible for maintaining a related party database and a conflicts of interest register for Directors of the SBM entity and updating same on a quarterly basis.
 - b. Be responsible for requesting details of related parties at the time a new director is appointed to the Board
 - c. Ensure that the related party database is updated when a director resigns/retires.

8.3 Human Resource (HR Team)

1. The HR function of each SBM entity, is responsible for-
 - a. Maintaining a related party database and an interests register for staff members or senior staff members as applicable and updating same on a quarterly basis.
 - b. Requesting details of related parties at the time senior staff members join employment.
 - c. Ensuring that the related party database and interest register is updated when staff members resign.

8.4 Board/Committee Responsibilities

1. The SBM entity Board or appropriate committee is responsible for-
 - a. Setting and reviewing procedures regarding related party transactions and conflicts of interest in the best interest of the entity.
 - b. Enforcing properly the policy and ensuring the effectiveness of its related procedures.
 - c. Ensuring that it takes necessary measures to ensure that staff are made aware of policy requirements and their personal responsibilities.
 - d. Taking note of, and where applicable, approving all related party transactions and conflict of interest situations;
 - e. Taking note of credit exposures to staff;
 - f. Reviewing all proposed material transactions and practices to ensure that any transaction with the related parties that may have a material effect on the stability and solvency of the subsidiary entity or Group are identified and dealt with in a timely manner.
 - g. Taking action in case of non-compliance.

8.5 Risk Management

The Risk Management function is responsible for ensuring that appropriate processes and controls are in place for identifying, managing, monitoring and reporting of related party transactions and conflicts of interest while complying with in-country laws and regulations. .

8.6 Internal Audit

The Internal Audit function should conduct regular reviews to verify whether established policies, limits and procedures in relation to related party and conflicts policies are respected.

8.7 Compliance

The compliance function is responsible for ensuring that the conflicts and related party processes adopted by the SBM entity are in line with all legal and regulatory requirements.

9 NON-COMPLIANCE

- **Employees**

Failure to declare a potential, actual conflict of interests or related party transaction in a timely manner may result in disciplinary action.

- **Directors**

Directors shall exercise their powers and discharge their duties honestly, in good faith and in the best interests of the Group in accordance with law. Non-compliance with policy or law may entail civil or other liability.

10 POLICY REVIEWS

The Policy will be reviewed at least once a year or more frequently (if required) by the Risk Management, Company Secretariat or Compliance function.

11 POLICY AMENDMENT AUTHORITY

The SBMH Risk Management Committee or CG&CRC must recommend to the Board any changes or amendments to the Policy for approval.