

THIRD WORLD NETWORK BERHAD

POLICY ON CONFLICT OF INTEREST

1. Purpose

This policy states the position of Third World Network Berhad (TWN) on conflict of interest. TWN's management of conflict of interest gives priority to the avoidance of such conflict. Under unavoidable circumstances it would take various steps as set out in Paragraph 4 (c).

2. Scope

This policy applies to all the covered individuals.

3. Definitions

Conflict of interest

A set of circumstances that creates a risk that professional judgment or actions regarding a primary interest will be unduly influenced by a secondary interest. Primary interest refers to the objectives of TWN as set out in its Memorandum of Association (see Annex 1). Secondary interest refers to the monetary or other interest of the covered individual.

Conflicts may be actual or potential:

Actual conflict of interest: there is a real conflict between a covered individual's private interests and TWN interests.

Potential conflict of interest: private interests of a covered individual that could conflict with the interests of TWN. This refers to circumstances where it is foreseeable that a conflict may arise in future and steps should be taken now to mitigate that future risk.

Covered individual

A Governor of the TWN Board, employee, consultant, contractor and any individual or group undertaking an activity for, or on behalf of, TWN.

Private interest

Private interest means an employee's own personal, immediate family, professional or business interest. A private interest may be **financial**, which includes any actual or potential financial gain or loss, as well as **non-pecuniary**, which includes any tendency toward favour or prejudice resulting from personal or family relationships.

4. Process

(a) *Identify conflict of interest*

Covered individuals should regularly consider the relationship between their private interests and official duties in order to identify any conflict of interest.

Additionally, employees with others reporting directly to them must consider the risk profile and functions of their team and ensure that those directly reporting to them are aware of any increased risks of conflict of interest in their work.

Whilst conflict of interest may occur in any part of TWN, some functions and activities are of higher risk than others and may require increased risk mitigation measures.

Functions that are high risk include:

- Recruitment;
- Procurement, contract management and tendering.

(b) Declare conflict of interest

Contracts between TWN and covered individuals shall contain a provision on conflict of interest and reference to this Policy.

In the event of an actual or potential conflict of interest, TWN employees will discuss with their manager and complete the *Conflict of interest declaration form* and submit it to their manager.

In the event of an actual or potential conflict of interest, a TWN Board Governor shall notify the other Governors and Executive Director and accordingly complete the *Conflict of interest declaration form*.

Covered individuals shall complete the declaration form, regardless of whether a conflict of interest is identified, if they are on a selection or procurement panel.

The declaration forms are to be recorded in the Penang Secretariat by the Head of Administration. A team comprising one Governor and the Executive Director will evaluate the declaration of interest forms and take actions as set out in sub-paragraph (c) below. The Executive Director will submit a report to the Board of Governors annually.

(c) Manage conflict of interest

The following actions would be taken on a case-by-case basis for the management of covered individuals' conflict of interest based on the magnitude of risk to TWN:

Restrict:	restrictions are placed on the covered individual's involvement in the matter concerned.
Recruit:	a disinterested third party is used to oversee part or all of the process that deals with the matter. In most circumstances a subordinate would not be considered a disinterested third party.
Remove:	the covered individual removes himself/herself, or is removed, from the matter concerned.
Relinquish or Resign:	the covered individual relinquishes the private interest that is creating the conflict. Where relinquishing the interest is not possible and the conflict cannot be managed using one of the other options above, the covered individual, if an employee, may consider resigning. In other cases, where a contract exists between TWN and the covered individual, the contract may be terminated.

5. Breaches

An employee's failure to avoid, wherever possible, or identify, declare and manage a conflict of interest in accordance with this policy could lead to disciplinary action including dismissal (consistent with the relevant laws and regulations). Consultants, contractors and any individual or group undertaking an activity for, or on behalf of, TWN may be subject to contract re-negotiation, including termination.

Where a Governor fails to avoid, wherever possible, or identify, declare and manage a conflict of interest in accordance with this policy, the Governor concerned shall resign from the TWN Board. If the Governor concerned does not resign, the Board can remove such Governor.

6. Speak up

TWN employees who consider that conflict of interest within TWN may not have been declared or is not being appropriately managed should speak up and notify their manager, the Executive Director, a Governor or the external person(s) designated by TWN.

TWN will take decisive action, including possible disciplinary action, against employees who discriminate against or victimise those who speak up in good faith.

7. Contacts for further information

A conflict of interest is not always clear to those who have them. Covered individuals who are unsure about a possible conflict of interest, or the application of this policy, should ask their manager, the Executive Director, or the external person(s) designated by TWN for advice.

8. Review of Policy

Each Governor of the TWN Board and employees shall be requested to read this policy annually and to acknowledge in writing that he or she has done so.

The Board of Governors will receive and review a report annually on the administration of the conflict of interest declaration and management process.

Annex 1

THE COMPANIES ACT, 1965

(Company limited by guarantee and
not having a share capital)

MEMORANDUM OF ASSOCIATION OF THIRD WORLD NETWORK BERHAD

3. The objects of the Network are:

- (a) to carry on, collaborate on and promote systematic research and educational activities relating to global economic, social and cultural development especially in relation to Third World countries so as to contribute to the understanding of methods of improving welfare, standard of living and quality of life;
- (b) to direct, carry out studies on the processes of economic growth, and on past and current developments in the fields of finance, trade, industry, agriculture, transport, services, prices, housing, health, education, public utilities, culture and in other fields, so as to contribute towards the process of economic and social development, especially in the Third World;
- (c) to promote, encourage, assist in the acquisition and diffusion of all disciplines related to development studies and international relations including economics, statistics demography, traditional and modern technology, industry, trade, agricultural science, rural and urban studies, history, geography, culture, international relations or any other subject useful for the development of the Third World;
- (d) to prepare and submit various reports and recommendations to governmental and international authorities as well as to other institutes and organisations so as to provide them with additional useful materials which can contribute towards the formulation of policies relating to the economic and social development of the Third World;
- (e) to sponsor and conduct conferences, seminars, group studies and public lectures about developments affecting the Third World;
- (f) to establish, maintain, assist or cooperate with colleges, institutes, academies, research centres, voluntary agencies and other organisations for studies, educational and other activities relating to social and economic development for the benefit of the people in the Third World;
- (g) to promote an awareness of issues related to the Third World in various countries so as to facilitate social and human development;
- (h) to initiate scholarships, prizes and other grants for carrying out the purposes of the Network;

(i) to collect, classify, translate, print, publish, distribute books, journals, magazines, articles, newsletters or other printed or audio-visual materials that the Network may think desirable to promote its objects.