



PERSATUAN PENGGUNA-PENGGUNA PULAU PINANG CONSUMERS' ASSOCIATION OF PENANG (CAP)

POLICY ON CONFLICT OF INTEREST

1. Purpose

This policy states the position of the Consumers' Association of Penang (CAP) on conflict of interest. CAP's management of conflict of interest gives priority to the avoidance of such conflict. Under unavoidable circumstances it would take various steps mentioned 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 primary interest of CAP as mentioned in its Constitution. 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 covered individuals' private interests and CAP interests.

Potential conflict of interest: private interests of a covered individual that could conflict with the interests of CAP. 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

An employee, consultant, contractor and any individual or group undertaking an activity for, or on behalf of, CAP.

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 CAP, 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*

All covered individuals shall submit the declaration of interest annually. A conflict of interest must be declared. Covered individuals should discuss any conflict of interest with their manager and complete the *Conflict of interest declaration form* and submit it to their manager.

Covered individuals should also complete the declaration form in the following circumstances, regardless of whether a conflict of interest is identified:

- They are directly involved in a procurement activity;
- They are on a selection or procurement panel.

The declaration forms are to be recorded by the Head of Administration. A team comprising of two members of the Executive Committee of the Council will evaluate the declaration of interest forms and assess whether there is a conflict of interest. The team will submit a report to the Council Members.

(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 CAP:

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 employee 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 employee may consider resigning.

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). Contractors may be subject to contract re-negotiation, including termination.

6. Speak up

Employees who consider that conflict of interest within CAP may not have been declared or is not being appropriately managed should speak up and notify their Section Head.

CAP 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. Employees who are unsure about a possible conflict of interest, or the application of this policy, should ask their Section Head or the designated Council member for advice.

8. Review of Policy

Each covered individual shall be requested to read this Policy annually and to acknowledge in writing that he or she has done so.

The CAP Council will receive and review a report as necessary on the administration and quality control of the conflict of interest declaration and management process.

Policy adopted on 10 August 2020.