

MSWG: Transparency is essential in managing conflict-of-interest issues



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KUALA LUMPUR: Conflict of interest (COI) is a global concern, and transparency is essential in managing COI or potential COI issues so that investors can be provided with full, timely, and accurate information to make informed investment decisions.

Minority Shareholders Watch Group (MSWG) was replying to Sunbiz's queries in relation to news reports that Sapura Resources Bhd has completed its internal investigations into its former managing director Datuk Shahrman Shamsuddin for potential breaches of his employment contract.

The investigations were carried out after MSWG had raised concerns about a potential conflict of interest at Sapura Resources involving Shahrman at the company's annual general meeting (AGM) in July 2024.

"MSWG has not received any updates from Sapura Resources on the findings of its investigation into Shahrman.

"As it is, we are unaware of the completion of Sapura Resources' internal probe into Shahrman," MSWG said in a written reply.

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At Sapura Resources' AGM last year, MSWG raised concerns over a memorandum of understanding signed on December 5, 2023, between Explorer Group Sdn Bhd and Royal Jet LLC to explore potential collaboration on private flight operations at Sultan Abdul Aziz Shah Airport.

The watch group pointed out that Shahrman is also a shareholder and executive director of Explorer Group, in addition to his role as the managing director of Sapura Resources.

Since Sapura Resources' aviation business involves hangarage, ground handling, and aircraft management, Shahrman's involvement in Explorer Group has led to questions about his interests and fiduciary duties at Sapura Resources.

MSWG told Sunbiz that the director and the board are responsible for fully disclosing the nature and extent of any COI or potential COI arising from their involvement in competing businesses.

"This applies not only to directors but also to key senior management and legal representatives of a PLC (public listed company).

"Besides, COI disclosure shall not be limited to direct financial interests - it also includes indirect financial interests, non-financial interests, and competing loyalties," the watch group elaborated.

Following the AGM last year, Sapura Resources announced that Shahrman was placed on a leave of absence and that investigative proceedings were being conducted.

Shahrman then resigned as the managing director prior to the completion of the investigations.

MSWG further explained that the Audit Committee (AC) is the gatekeeper to safeguard shareholder interests.

The AC must review and report any COI situations—whether existing, ongoing, or potential—along with the measures taken to resolve, eliminate, or mitigate them.

"Accordingly, the AC report must disclose the review findings," MSWG concluded.