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## ***The ‘Twin Towers’ Of Trust And Confidence: When Friendship Becomes A Conflict Of Interest***

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*Shakiroh Binti Abdul Kader v Petronas Chemicals  
Fertiliser Kedah Sdn Bhd (Award No. 1289/2023)*

While it is entirely natural to form friendships with colleagues or personnel at the workplace, certain equations may amount to a conflict of interest at odds with company ethics and values. In this case, the Industrial Court spotlights the consequences of failing to abide by Petronas’ Code of Business Ethics (“CoBE”), thus creating the appearance of a conflict of interest by virtue of a failure to disclose personal relationships at the workplace.

The Claimant’s tenure with the Company spanned a period of 23 years. She was alleged to have placed herself in a position of conflict of interest, or at the very least an appearance of a conflict, when she had: (i) performed her Umrah with the Managing Director of the vendor running the Company’s cafeteria operations; (ii) became involved in the vendor’s management of the Company’s canteen operations; (iii) facilitated backdoor payment arrangements to unregistered vendors by parking these

payment under the invoice from the vendor managing cafeteria operations; and (iv) became involved in personal business transactions with the aforesaid vendors by starting a business for her daughter with the vendor. The Claimant was dismissed for serious misconduct.

Before the Industrial Court , the Company submitted that:

- (a) The Claimant was poised to take advantage of her role to either her benefit, or the benefit of the vendor, since her job scope involved reviewing and checking the veracity of invoices from the vendor.
- (b) The Claimant shared a close relationship with the vendor – referring to the Managing Director of the vendor as ‘family’, indulging in Raya celebrations with Managing Director and his family etc.
- (c) Her involvement in the operations of the canteen, such as assisting with the procurement of supplies fell beyond the ambit of her job scope;
- (d) The Claimant had blurred the lines between personal dealings and company-related business such as requesting the vendor to offset sums relating to personal dealings with that of formal business transactions relating to the Company; and
- (e) Facilitating backdoor payment arrangements by subsuming the claims of unregistered vendors under that of the vendor’s invoices.

The Company submitted that the Claimant’s acts of misconduct were serious enough to warrant dismissal as:

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- (a) The Claimant was a long-serving employee of 23 years;
- (b) The Claimant was entrusted with a supervisory role;
- (c) The Claimant was well-aware of the contents of the CoBE, yet knowingly chose to act in a manner contrary to the values and ethics prescribed in the same;
- (d) The Claimant remained obstinate and unapologetic - indicating no remorse for her wrongdoings over the course of trial proceedings.

The Court found in favour of the Company given the gravity of the acts of misconduct in question, deciding that the Claimant was the author of her own misfortune by knowingly and defiantly acting contrary to the CoBE. She had therefore placed herself in a position whereby it would be difficult for her to fulfil her duties to the Company impartially and correctly.

This case is yet another example of the importance of adherence to an employer's code of business ethics. It is crucial that employees fully comprehend the importance of making the requisite declarations and disclosures to their employers, and would do well to err on the side of caution so as to steer clear of instances in which a conflict of interest may arise.

The Company was represented by partner **Amardeep Singh Toor** and associate **Ashreyna Kaur Bhatia** of Lee Hishammuddin Allen & Gledhill. The Industrial Court award can be accessed [here](#).

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